

Don R. Scheidt & Co., Inc.
2 Executive Drive, Suite C
Lafayette, Indiana 47905
Phone: 765-447-1075



Appraisal Report of:

Southfork Apartments

Existing Student-Oriented Apartment Building
314 S Chauncey Avenue
West Lafayette, Tippecanoe County, Indiana 47906

Prepared at the request of:

Eric Grossman
Assessor
Tippecanoe County Assessor
20 N 3rd Street
Lafayette, IN 47901

February 3, 2023



February 3, 2023

Eric Grossman
Assessor
Tippecanoe County Assessor
20 N 3rd Street
Lafayette, IN 47901

Re: Southfork Apartments: The valuation of the existing student-oriented apartment building located at 314 S Chauncey Avenue, West Lafayette, Tippecanoe County, Indiana 47906.

Dear Mr. Grossman,

In accordance with your request, Evan Fife inspected the above referenced property, and we carefully examined those factors considered pertinent to the appraisal. This report provides the following opinion of value:

- Retrospective fee simple market value in use

The value opinion contained herein is subject to the Assumptions and Limiting Conditions included within, and the certification of the following **Appraisal Report**, as well as the Extraordinary Assumptions, which appear after the Summary of Facts and Conclusions. This narrative report is prepared in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation, the Standards of Professional Practice and Code of Professional Ethics of the Appraisal Institute, as well as the requirements of Tippecanoe County Assessor. This appraisal may not be used or relied upon by anyone other than the intended user.

Based upon this analysis, our opinion of value for the subject property is as follows:

Value Premise	Date of Value	Conclusion
Retrospective fee simple market value in use	January 1, 2023	\$5,290,000

We invite your attention to the following appraisal report, which forms the basis of our conclusion. Should you have any questions regarding the proceeding analysis, please do not hesitate to contact us.

Respectfully submitted,

Evan Fife
Real Property Analyst
Don R. Scheidt & Co., Inc.
Indiana Certified General Appraiser
License #CG41600018 (exp. June 30, 2024)
Inspected the subject (exterior only)

Yvonne Pollert, MAI
Principal, Director of Lafayette Operations
Don R. Scheidt & Co., Inc.
Indiana Certified General Appraiser
License #CG41001287 (exp. June 30, 2024)
Did not inspect the subject

Don R. Scheidt & Company, Inc.

6201 Corporate Drive, Suite 150, Indianapolis, Indiana 46278-2902 / (317) 631-8478
2 Executive Drive, Suite C, Lafayette, Indiana 47905-4878 / (765) 447-1075
2204 Illinois Avenue, Columbus, Indiana 47201-7012 / (812) 372-8478
www.donrscheidt.com



SOUTHFORK APARTMENTS

314 S Chauncey Avenue
West Lafayette, Tippecanoe County, Indiana 47906

Don R. Scheidt & Company, Inc.

Indiana Office Locations: Indianapolis • Columbus • Lafayette

LOCATION MAP



Don R. Scheidt & Company, Inc.

Indiana Office Locations: Indianapolis • Columbus • Lafayette

TABLE OF CONTENTS

SUMMARY OF FACTS AND CONCLUSIONS	1
CRITICAL VALUATION ISSUE(S).....	2
EXTRAORDINARY ASSUMPTION(S).....	2
IDENTIFICATION OF THE SUBJECT PROPERTY	2
SCOPE OF WORK.....	2
INTENDED USE AND USER AND CLIENT OF THE REPORT	3
DATE OF THE VALUE OPINION	3
PROPERTY RIGHTS APPRAISED	4
DEFINITION OF VALUE	4
OWNERSHIP AND HISTORY OF THE SUBJECT PROPERTY	4
REGION ANALYSIS	5
MARKET ANALYSIS	14
ESTIMATED EXPOSURE TIME.....	17
NEIGHBORHOOD ANALYSIS.....	18
SITE DESCRIPTION	21
DESCRIPTION OF IMPROVEMENTS	24
DEPRECIATION OF THE IMPROVEMENTS	26
ZONING REGULATIONS	29
ASSESSMENT AND TAXES.....	30
HIGHEST AND BEST USE.....	30
THE VALUATION PROCESS	32
INCOME CAPITALIZATION APPROACH.....	33
SALES COMPARISON APPROACH.....	44
RECONCILIATION AND FINAL OPINION OF VALUE.....	54
ASSUMPTIONS AND LIMITING CONDITIONS	55
CERTIFICATION	57
QUALIFICATIONS	58
LICENSES	61
ADDENDA.....	62
ENGAGEMENT LETTER	63

SUMMARY OF FACTS AND CONCLUSIONS

Property Identification and Location:	The subject property is an existing student-oriented apartment building located at 314 S Chauncey Avenue, West Lafayette, Tippecanoe County, Indiana 47906.														
Site Size:	0.530 acre or 23,087 SF														
Parcel Number:	79-07-19-478-010.000-026														
Description of the Improvements:	Improvements include one building, constructed in 1987, containing 23 apartment units and 92 bedrooms, with a total gross building area of 26,192 SF and rentable area of 20,930 SF. Common area amenities include common laundry. Site improvements include two non-contiguous concrete parking lots, concrete sidewalks, concrete curbs, building mounted lights, minimal landscaping, signage.														
Unit Mix:	<table><tr><th>Unit Type</th><th># Units</th><th># Beds</th><th>Size (SF)</th></tr><tr><td>4 Bedroom / 2 Bathroom</td><td>23</td><td>92</td><td>910</td></tr><tr><td>Totals</td><td>23</td><td>92</td><td>20,930</td></tr></table>			Unit Type	# Units	# Beds	Size (SF)	4 Bedroom / 2 Bathroom	23	92	910	Totals	23	92	20,930
Unit Type	# Units	# Beds	Size (SF)												
4 Bedroom / 2 Bathroom	23	92	910												
Totals	23	92	20,930												
Occupancy:	Assumed 100% based on market														
Intended Use:	Research purposes in conjunction with maintaining accurate assessment models														
Intended User:	Tippecanoe County Assessor														
Property Rights Appraised:	Fee simple														
Date of the Report:	February 3, 2023														
Effective Date of Valuation:	January 1, 2023														
Date of the Inspection:	December 21, 2022														
Zoning:	R3W, Single-family, two-family and multi-family residential (West Lafayette)														
Flood Zone:	According to FEMA flood map panel number 18157C0141D, dated September 25, 2009, the subject is located in Zone X Other Area, defined as areas determined to be outside the 0.2% annual chance floodplain.														
Highest and Best Use															
“As Vacant”:	Development of student-oriented apartments														
“As Improved”:	The current improvements														
Estimated Exposure Time:	Within 6 months														

Value Indications:

	Retrospective
Effective Date of Value	January 1, 2023
Cost Approach	Not developed
Income Capitalization Approach	\$5,710,000
Sales Comparison Approach	\$5,290,000
Final Value Conclusion	\$5,290,000

CRITICAL VALUATION ISSUE(S)

1. Given the intended use and user, this appraisal was completed without assistance from an ownership or management contact of the subject property. As such, the appraiser did not have access to complete and current financial information such as rent roll, historical income and expenses, recent capital expenditures, etc. and performed an exterior and partial interior inspection only. It is noted that appraisals are typically most credible when this information is available and a full interior inspection is performed. However, the appraiser relied on market data and the valuation of the subject property herein is considered credible.
2. The value developed herein is the Market Value In Use. As per the client and intended user, the Tippecanoe County Assessor, the lowest of the value approaches is required for tax appeal purposes for multi-family properties 5 units or greater. Therefore, the final value conclusion herein is explicitly reconciled as the lowest value indicator.

EXTRAORDINARY ASSUMPTION(S)

The appraisal assignment and the value conclusion herein is subject to the following extraordinary assumptions. If it is necessary to revise the assumptions for any reason, the value opinion presented within this report is subject to change. The use of these extraordinary assumptions may have affected assignment results.

1. There are no extraordinary assumptions for this appraisal.

IDENTIFICATION OF THE SUBJECT PROPERTY

The subject property is an existing student-oriented apartment building located at 314 S Chauncey Avenue, West Lafayette, Tippecanoe County, Indiana 47906. The site includes 0.530 acre or 23,087 SF. Improvements include one building, constructed in 1987, containing 23 apartment units, with a total gross building area of 26,192 SF and rentable area of 20,930 SF. The unit mix is as follows:

Unit Type	# Units	# Beds	Size (SF)
4 Bedroom / 2 Bathroom	23	92	910
Totals	23	92	20,930

SCOPE OF WORK

Don R. Scheidt & Company, Inc. was requested by Eric Grossman, representing Tippecanoe County Assessor, to appraise and provide the following opinion of value:

- Retrospective fee simple market value in use

Don R. Scheidt & Company, Inc.

Indiana Office Locations: Indianapolis • Columbus • Lafayette

It has been determined by the appraisers based on the intended use and intended user, that the proper reporting of this appraisal is within the requirements of an Appraisal Report, as outlined in USPAP Standards Rule 2-2 (a). This narrative report is prepared in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation, the Standards of Professional Practice and Code of Professional Ethics of the Appraisal Institute, as well as the requirements of Tippecanoe County Assessor. The appraisers or appraisers' firm previously appraised this property in December 2020. The appraiser is not aware of any other services, as an appraiser or in any other capacity, performed by the appraiser or the appraiser's firm on the subject property within the three-year period immediately preceding the agreement to perform this assignment.

Evan Fife inspected the subject (exterior only) on December 21, 2022. In preparing this appraisal, market data was gathered from numerous sources including, but not limited to:

1. Indiana Real Estate Data (IRED) online database
2. Local government offices including (but not limited to) the Tippecanoe County Assessor's office and West Lafayette governmental offices (zoning)
3. ICREX and other brokerage websites for information on current listings of properties for sale and recent closed transactions
4. Property management and/or leasing representative with competing properties
5. Local/regional commercial real estate brokers and appraisers

In this appraisal, all three approaches to value – Cost Approach, Sales Comparison Approach, and Income Capitalization Approach – were considered. The following table outlines the approaches developed in this appraisal:

Approach	Comments
Cost Approach:	This approach was not developed because the Cost Approach is typically most reliable when a property is relatively new and not significantly impacted by depreciation. Due to their age, the subject improvements suffer from considerable incurable physical deterioration. This along with other forms of depreciation would limit the reliability of this approach. Further, buyers and sellers of similar properties do not typically rely on the depreciated cost of a property when making purchase decisions, as they are primarily concerned with the property's income-producing potential.
Sales Comparison Approach:	This approach was developed.
Income Approach:	This approach was developed.

In summary, the Sales Comparison and Income Capitalization Approaches are developed in the valuation of the subject property. The appraisers are competent to complete the appraisal of this property and have appraised properties of this type in this geographic area.

INTENDED USE AND USER AND CLIENT OF THE REPORT

The intended use of this appraisal is for research purposes in conjunction with maintaining accurate assessment models. The client and intended user of this appraisal is Tippecanoe County Assessor.

DATE OF THE VALUE OPINION

The value conclusion in this report is based on the following effective date of value:

Don R. Scheidt & Company, Inc.

Indiana Office Locations: Indianapolis • Columbus • Lafayette

Value Premise	Date of Value
Retrospective	January 1, 2023

The date of the report is February 3, 2023.

PROPERTY RIGHTS APPRAISED

This appraisal includes the valuation of the following property rights:

Value Premise	Property Rights
Retrospective	Fee simple

Fee simple estate is “absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.” (The Dictionary of Real Estate Appraisal, 7th Edition, The Appraisal Institute, 2022, Page 73).

DEFINITION OF VALUE

Market Value is defined as “*the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:*

1. *Buyer and seller are typically motivated.*
2. *Both parties are well informed or well advised and acting in what they consider their own best interests.*
3. *A reasonable time is allowed for exposure in the open market.*
4. *Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto.*
5. *The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale”.*
(Federal Register, Volume 75, No. 237, December 10, 2010, page 77472).

This report is completed under the premise of “Market Value In Use”. **Market value-in-use** is defined as “*the market value-in-use of a property for its current use, as reflected by the utility received by the owner or by a similar user, from the property*” (2011 Real Property Assessment Manual, page 2).

OWNERSHIP AND HISTORY OF THE SUBJECT PROPERTY

According to the Tippecanoe County Assessor’s records, the subject property is under the ownership of BC Cent LLC. The property sold from Southfork Apartments LLC to BC Cent EAT LLC on June 29, 2021 for \$4,050,000. To the best of our knowledge, there have been no additional sales of the property in the past three years. The property is not currently listed for sale.

REGION ANALYSIS

The subject property is located in the City of West Lafayette in Tippecanoe County's Wabash Township. Tippecanoe County is in central northwestern Indiana. Based upon the economic, governmental, social, and environmental factors influencing value, Tippecanoe County, particularly the cities of Lafayette and West Lafayette, is believed to be the focal point of the local market. The factors of the region influencing the marketability of the subject property are summarized below.

Social and Demographics

Lafayette and West Lafayette are classified as Class II Cities, under Indiana law, a classification by population.

The population of the City of Lafayette grew by 59% over the 50-year period from 1950 to 2000. The population of Lafayette declined between 1970 and 1990. This is attributed to the limited physical city boundaries and the trend for suburban sprawl. The 2000 census figure represents a 14% increase in the Lafayette population since 1990 due to annexations, which occurred mostly along the southern and eastern boundaries of the Lafayette city limits.

The recent annexation by West Lafayette has significantly changed the demographic numbers shown below. The annexation, which was finalized in February 2014, added an estimated 12,000 residents to the city, which qualified the city for Class II status, increasing grant and funding options. Officially, West Lafayette changed from Class III to Class II City in November 2014. The actual population of West Lafayette increased to 42,010 residents, according to the U.S. Census Bureau.

Population Trends

Years	Lafayette	West Lafayette	Tippecanoe County
1990	49,520	27,652	130,598
2000	63,140	28,778	148,955
2010	69,113	42,490	172,780
2020	70,783	44,595	186,251
2022 (estimated)	70,654	46,081	188,904
2027 (projected)	70,517	46,933	192,231

Source: U.S. Census and ESRI

The most recent population for Lafayette from the 2020 census is 70,783, which is a 2.4% increase from 2010. Tippecanoe County has also shown steady growth since 1990, with the most recent census revealing a 7.8% growth over 10 years. The current estimates and projections show continued growth into the future.

Another indicator of the growth and scope of the region is household demographics. The 1990, 2000, 2010, and 2020 Census counts are presented in the following table along with 2022 estimates and 2027 projections.

Households

Year	Lafayette	% Change	West Lafayette	% Change	Tippecanoe County	% Change
1990	20,396	-	9,153	-	45,618	-
2000	26,903	+31.9%	12,568	+37.3%	55,226	+21.1%
2010	29,515	+9.7%	13,495	+7.4%	65,532	+18.7%
2020	30,920	+4.8%	14,281	+5.8%	71,651	+9.3%
2022 (estimated)	30,930	+0.03%	14,891	+4.3%	72,818	+1.6%
2027 (projected)	30,945	+0.05%	15,297	+2.7%	74,301	+2.0%

Source: U.S. Census and ESRI

Don R. Scheidt & Company, Inc.

Indiana Office Locations: Indianapolis • Columbus • Lafayette

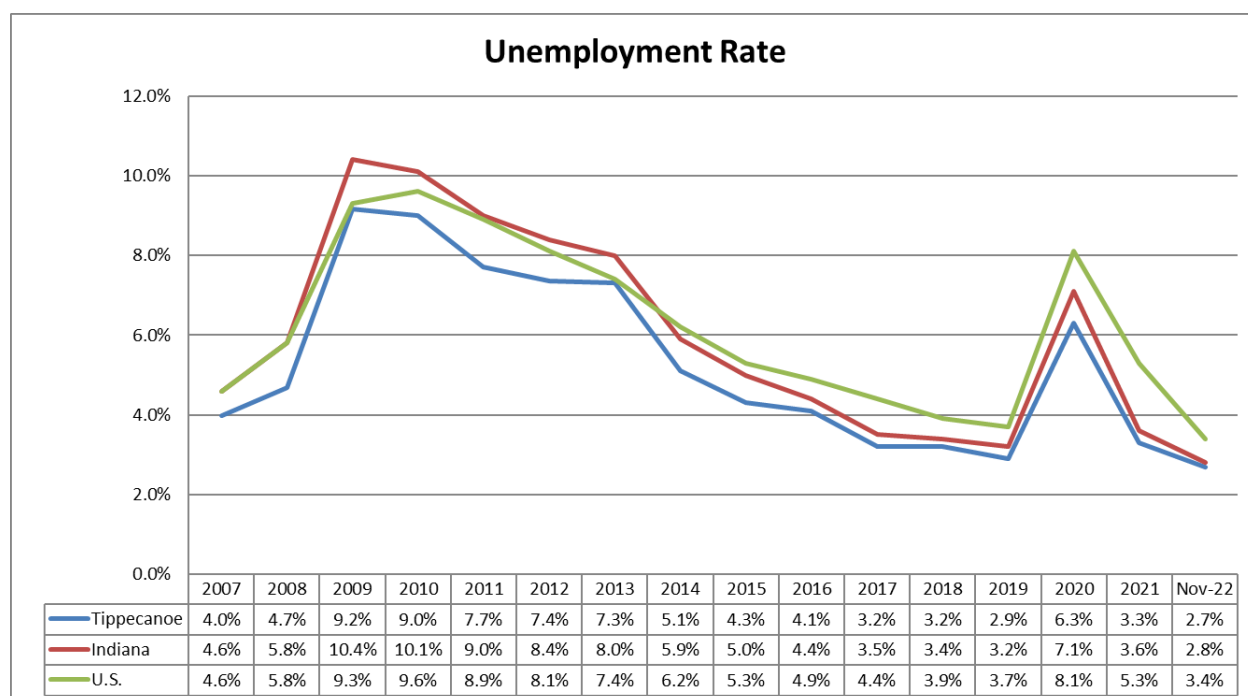
As is illustrated by the previous table, the number of households in Lafayette has increased steadily since 1990. A portion of the increases in Lafayette and West Lafayette are attributable to annexation of suburban areas into the city. Similarly, the County has also seen steady household growth.

The average household size has been steadily decreasing over the last few decades in Tippecanoe County, indicating smaller family units. According to the 2010 estimates, the median age of persons in Tippecanoe County is 29.1 years, the median age of persons in Lafayette is 33.4, and the median age of persons in West Lafayette is 23.7 years. The relatively young characteristic of the region is due in part to the influence of Purdue University that attracts young adults for continuing education, teaching positions, etc. Based on statistics from the CCIM STDB, approximately 45.0% of the county's households are occupied by renters.

The strong growth of Tippecanoe County is attributable to a number of factors including good transportation systems, a diversified employment base, an educated workforce, and the presence of a major state educational institution, Purdue University. As a result of these factors, there is a high quality of living.

Economic

The Greater Lafayette region has a diversified employment base including a strong industrial and agricultural sector, combined with the strength and stability of Purdue University, the region's largest employer with approximately 16,925 employees. Stability for the region is also maintained through diversity. Historically, Tippecanoe County has had one of the lowest unemployment rates in the state. The following table and graph show the unemployment profile for Tippecanoe County as compared to Indiana and the United States.



As shown in the table above, unemployment increased from 2008 through 2010. Despite this, unemployment in Tippecanoe County has consistently remained below the U.S. average through 2019. Data from 2011 through 2019 suggested a downward trend in unemployment.

Don R. Scheidt & Company, Inc.

Indiana Office Locations: Indianapolis • Columbus • Lafayette

Unemployment rates spiked in 2020 due to the COVID-19 pandemic but have since recovered to pre-pandemic rates.

The industry base located in the Lafayette-West Lafayette area is fairly broad and strong for a metropolitan area of its size. The recently published SMARTASSET 2022 Edition of Best Places for Career Opportunities ranks the Lafayette-West Lafayette as the best place in the nation for career opportunity. The study compiled data of the largest 200 metro areas across nine metrics. According to the same publication, Lafayette-West Lafayette has the eighth-highest income growth between professionals aged 25 to 44 and those aged 45 to 64, at almost 25%.

Companies with major facilities in Lafayette include Subaru of Indiana Automotive, ALCOA (now Arconic), Evonik Degussa, Wabash National, Tate & Lyle, Caterpillar, Nanshan and GE Aviation.

Some significant job-related announcements in recent years include:

SkyWater Technology announced in summer of 2022 plans to build a 600,000 SF production facility in West Lafayette. The \$1.8 billion semiconductor R&D facility is expected to create 750 jobs over the next 5 years. The construction is dependent upon the passage of the CHIPS act that is meant to provide federal funding for these types of facilities.

The Rolls-Royce research and development facility is located at the corner of State Street and US 231. It was announced in April 2022 that the partnership between Rolls-Royce and Purdue University will culminate in a \$204 million project investment that will further develop three buildings in Purdue Discovery Park District and will bring 30 full-time positions while retaining 15 current jobs in West Lafayette.

Saab invested \$50 million and will employ up to 300 by 2027 at the new facility in Purdue's Aerospace District. The new facility had its grand opening on October 13, 2021, and at the time of opening already employed 60 people with 50% being Purdue alumni. Saab will make aft airframe section for the T-7A Red Hawk trainer program for the next generation of fighter and bomber pilots.

SIA, already the largest manufacturing employer in Tippecanoe County, has previously expanded its operations in Lafayette which added a significant number of workers. According to a February 2020 announcement, SIA plans to expand again with a \$158 million investment, which will add a new service parts facility and transmission assembly shop. The plant currently makes Subaru Outback, Subaru Legacy, and in 2016 added Subaru Impreza. The production of Toyota Camry ended in May of 2016. The production of a new vehicle the 'Ascent' began in May of 2018. This is an eight-passenger SUV built after the investment of \$140 million in the plant expansion.

The Lafayette plant is one of three Subaru production facilities worldwide, and the only one located outside Japan. Such a major expansion and increase of work force is expected to impact all sectors of real estate in the subject region, but in particular is expected to spur growth in the industrial sector regarding manufacturing (part suppliers) and warehousing not only in the subject region but within the State of Indiana and beyond. Mr. Tom Easterday, former Executive Vice President of SIA stated during his televised interview that "every job created in the automotive industry creates ten more jobs". This statement further underlines the tremendous impact of the recent expansion.

Wabash National announced on September 15, 2021 plans to invest \$70 million in their two local facilities in the next 10 years and adding 75 new jobs.

The Schweitzer Engineering Laboratories building was constructed at the northwest corner of US 231 and State Street. The facility is 100,000 SF and plans to employ 300.

Caterpillar, one of the largest manufacturing employers in the region announced in May 2018 its \$73.6 million investment in machinery, technology and software.

The \$50 million Indiana Manufacturing Institute in the Purdue Research Park has been completed and is dedicated to researching carbon fiber composites and making lightweight, energy saving materials more available in major industries.

GE Aviation constructed a \$93 million manufacturing facility in Park 350 in Lafayette. This 225,000 SF facility is the final assembly plant for GE Aviation's new LEAP engines. Indiana Economic Development Committee Board Member Robert Taylor called the project an "early phase of what could be more to come," indicating that expansion and additional jobs in this facility are likely in the future. As a new industry in the Greater Lafayette area, this manufacturing facility could add demand in a number of other areas such as supplier, warehousing, and service industries. Some of these new jobs have materialized before the plant is even opened. In January 2015 it was announced that engine maintenance services would be brought to the new plant along with an additional \$15 million investment in the facility and an additional 30 jobs.

Major employers located in the Lafayette/West Lafayette area include:

Manufacturing Employer	# Of Workers	Non-Manufacturing Employer	# Of Workers
Subaru of Indiana Automotive	5,600	Purdue University	16,512*
Wabash National Corporation	3,200	Franciscan Health Lafayette	2,100*
Caterpillar Tractor Corporation	1,800	Indiana University Arnett Health	1,783*
Dana Fairfield	765	Tippecanoe School Corporation	1,015*
Arconic / Lafayette Operations	723	Lafayette School Corporation	1,250*
Evonik Degussa Tippecanoe Labs	655*	Wal-Mart	700*
Lafayette Interior Fashions	650*	Tippecanoe County Government	700*
Heartland Automotive	557*	State Farm Insurance	700*
Tate & Lyle	500*	City of Lafayette	629*
Kirby Risk	240*	Ivy Tech Community College	550*

Sources: <https://greaterlafayetteind.com/industries-and-employers/> *other

Multi-family Residential

The supply of multifamily developments continues to grow based on building permits obtained from the Tippecanoe County Area Plan Commission. The table shows new multifamily building permits in the different municipalities since 2003:

Year	Lafayette	W. Lafayette	Tippecanoe Co.	Total
2003	276	55	201	532
2004	57	42	60	159
2005	10	11	124	145
2006	0	156	19	175
2007	8	31	216	255
2008	34	17	80	131
2009	0	0	4	4
2010	114	4	16	134
2011	2	158	235	395
2012	0	143	32	175

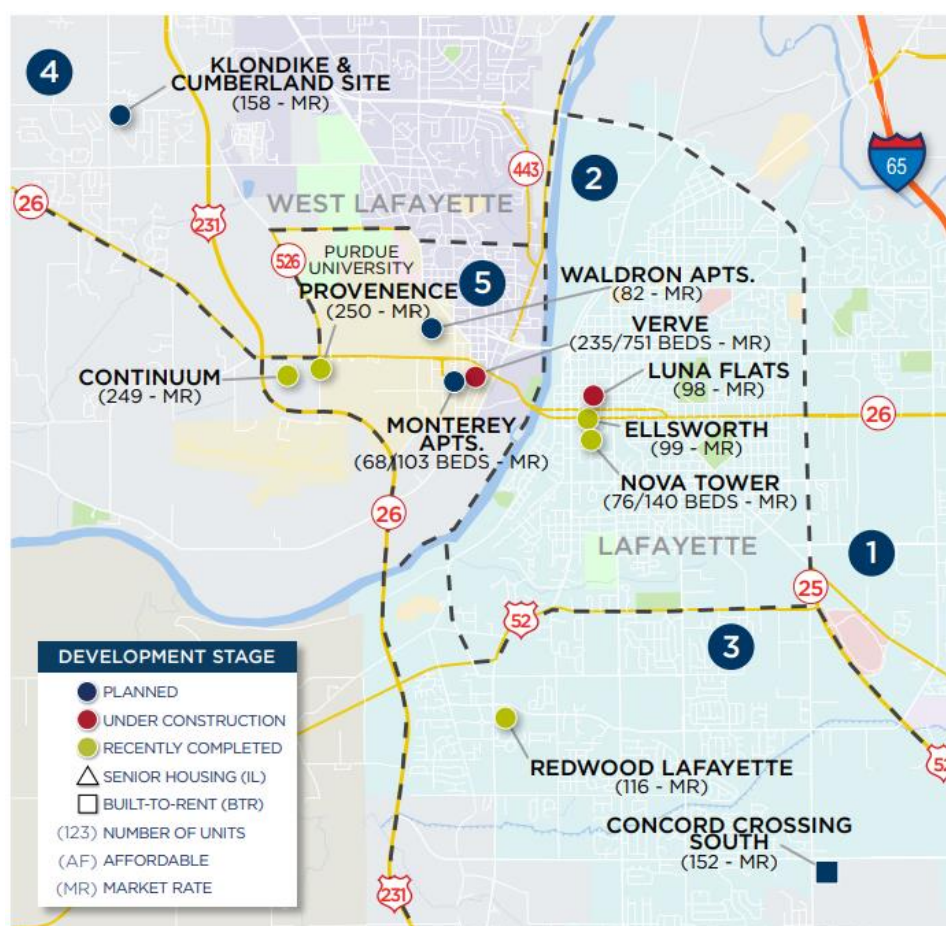
Don R. Scheidt & Company, Inc.

Indiana Office Locations: Indianapolis • Columbus • Lafayette

2013	32	285	116	433
2014	82	270	100	452
2015	24	36	0	60
2016	443	80	0	523
2017	211	362	16	589
2018	220	1100	136	1,456
2019	320	501	12	833
2020	323	303	207	833
2021	502	118	0	620
2022	417	235	240	892
Totals:	3,075	3,907	1,814	8,796

The table shows that a total of 8,796 units have been added (with some under construction) to the Greater Lafayette market since 2003. The West Lafayette market has added the most units over that time, due to the demand for student housing. The year 2018 had 1,456 building permits issued, which was a significant increase from 2017's record year.

The following map compiled by Cushman & Wakefield shows multi-family activity within the region.



Source: Cushman & Wakefield, 2022 Indiana Apartment Market

A large influx of units has taken place in recent years, with the map above showing additional large-scale projects planned or under construction. This has caused the occupancy in the Greater Lafayette region to fluctuate.

Don R. Scheidt & Company, Inc.

Indiana Office Locations: Indianapolis • Columbus • Lafayette

Tikijian Associates *Lafayette/West Lafayette Market Statistics for 2005-2018* and *Cushman & Wakefield 2019 to 2022 Indiana Apartment Market* summarize historical vacancy information for Greater Lafayette. The most recent 2022 survey includes 91 properties with 15,141 units. The following table summarizes vacancy information for the Greater Lafayette area.

MULTIFAMILY VACANCY RATES – BY SUBMARKET			
Year	Lafayette	West Lafayette	Lafayette & West Lafayette
2022	1.3% East / 1.8% Central / 1.8% South	1.3% WL / 1.8% Campus	1.5%
2021	2.4% East / 2.6% Central / 3.8% South	11.4% WL / 3.3% Campus	5.7%
2020	5.9% East / 5.5% Central / 6.3% South	10.2% WL / 6.9% Campus	7.5%
2019	3.1% East / 2.9% Central / 3.7% South	3.8% WL / 3.9% Campus	3.6%
2018	5.3% East / 3.2% Central / 4.2% South	3.1% WL / 3.3% campus	3.9%
2017	4.8%	3.5%	4.2%
2016	4.9%	6.2%	5.5%
2015	4.7%	7.4%	5.9%
2014	5.7%	7.8%	6.7%
2013	5.3%	9.1%	7.2%
2012	6.5%	7.8%	7.1%
2011	8.3%	5.8%	7.1%
2010	7.3%	6.8%	7.1%
2009	9.7%	11.9%	10.7%
2008	8.2%	5.7%	7.0%
2007	8.3%	5.8%	7.1%
2006	10.7%	5.8%	8.4%
2005	10.7%	5.8%	8.3%

As shown, vacancy levels were on a generally declining trend from the early 2010s to 2019. The vast influx of units such as the three campus high rises paired with the pandemic necessitating remote education for Purdue students caused the vacancy levels to rise in 2020 and likely the first half of 2021. However, as can be seen, vacancy levels hit record lows in 2022. All submarkets have hit vacancy levels below 2% in 2022, indicating that demand has outpaced the mass influx of supply and there is still a supply shortage in the multi-family sector throughout the region.

Purdue University

Founded in 1869 and now one of America's 25 largest universities, Purdue University greatly enhances the economic stability of the Lafayette/West Lafayette region. Purdue boasts an enrollment of approximately 65,000 students across the state of Indiana. The main campus in West Lafayette offers schools in agriculture, consumer and family sciences, education, engineering, liberal arts, management, pharmacy, nursing, and health sciences, science, technology, and veterinary medicine. The most recent enrollment for fall 2022 set a new record at 50,884 students, which tops the previous record of 49,639 students enrolled in fall 2021 by 2.5%. The enrollment in fall 2017 was 41,573, and each ensuing year set a new record. The enrollment increase since the fall of 2017 is 22.4%. These numbers include both undergraduate and graduate students. The trend is very impressive, but a question remains for how long such trend could be sustained.

Purdue is a well-diversified state university. Purdue is now contracting with many private enterprises; an effort led by greater research activity. The continuing national recognition of high-quality programs at Purdue is further evidence for the continued economic growth of the university.

In addition to the educational services that Purdue University supplies to Lafayette, its status as a Big Ten University greatly benefits the Lafayette region from a tourism standpoint. Visitors are drawn to Lafayette for homecomings, sporting events, the arts, and to spend time with the student base. This draw assists in

Don R. Scheidt & Company, Inc.

Indiana Office Locations: Indianapolis • Columbus • Lafayette

supporting many local retail establishments, especially in the hotel and restaurant industries. Another aspect of the University is the Purdue Research Foundation, which represents one of the area's largest landowners. This organization provides financial support for the University and participates in residential development and management of the Purdue Research Park. The 725-acre park has more than 50 buildings with over 3,200 employees and 327,000 SF of business incubation space. An average wage for startup companies is in excess of \$63,000 annually. The third phase of the park encompasses approximately 400 acres north of Kalberer Road.

The newest and fifth research park (Aerospace District) in the network of Purdue Research Parks has been established on 980 acres by the Purdue University Airport and includes the airport. The district has already been named an Indiana Certified Technology Park and is available for new R&D facilities related to advance aerospace technology and innovation.

A \$1.2 billion, 400-acre initiative of Discovery Park District (initially known as Purdue Innovation District) was approved by Trustees in 2016 to develop several millions of square feet in buildings on the western end of the campus in the partnership between Purdue Research Foundation and Browning Investments LLC, to create office, business, industrial and research facilities in addition to a hotel with conference center, retail, and residential component within the next 15-20 years. For the next few years, development will center on the State Street corridor, focusing on office space and housing. The Aspire mixed-use development was the first project inclusive of housing in this proposal and is followed by Continuum and Provenance. Provenance is a mixed-use subdivision along Airport Road and State Street that includes a mix of single-family detached houses, townhomes, apartments, and light retail. Future phases may include a senior residential development, daycare, and an elementary school.

In July 2022, SkyWater Technology announced plans to build a \$1.8 billion semiconductor R&D and production facility in West Lafayette. The 600,000 SF plant will be located in the Discovery Park District. The facility will include 100,000 SF of cleanroom space. The project is expected to create 750 jobs over five years. A timeline for the start of construction is not yet available; however, once construction has started, it will take about 36 months to begin production.

The Rolls-Royce research and development facility is located at the corner of State Street and US 231. It was announced in April 2022 that the partnership between Rolls-Royce and Purdue University will culminate in a \$204 million project investment that will further develop three buildings in Purdue Discovery Park District and will bring 30 full-time positions while retaining 15 current jobs in West Lafayette.

Another recent addition in that area is the Schweitzer Engineering Laboratories building at the northwest corner of US 231 and State Street. Saab, an aerospace-related industry, completed the manufacturing plant at a cost of \$50 million and will add 300 jobs to the area by 2027. At the time of the grand opening in October 2021, Saab already employed 60 people.



Source: Purdue <http://discoveryparkdistrict.com/the-district/>

The fundraising efforts of the Purdue University officials have led to many large construction projects around the West Lafayette campus. From 2004 to 2022 more than 70 buildings have been completed at a cost close to \$2 billion.

Two student housing complexes, the 570-bed Griffith Residence Hall and 730-bed Meredith Residence Hall South opened for the fall 2020 semester. Other recent and proposed significant Purdue University projects are summarized below.

Name	Type	Cost	Occupancy Date
Purdue Memorial Union Ground Floor Renovation	Renovations	\$47.3 million	December 2021
David and Bonnie Brunner Veterinary Medical Hospital Complex	New construction	\$108 million	March 2022
Marc and Sharon Hagle Hall	New construction	\$22 million	July 2022
Dudley Hall and Lambertus Hall	New construction	\$140 million	December 2022
Hypersonic and Applied Research Facility	New construction	\$41 million	April 2023
Ross-Ade Stadium Renovation	Renovations	\$45.4 million	September 2023
Whistler Hall of Agricultural Research Mechanical System Renovation	Renovations	\$12.5 million	December 2023
Libraries Study Space Renovations	Renovations	\$10 million	January 2024
Purdue Memorial Union Second Floor Hospitality Renovations	Renovations	\$6.3 million	June 2024
Max W. and Maileen Brown Family Hall First Floor Renovation	Renovations	\$14.5 million	July 2024
Schleman Hall, Stewart Center, and Related Renovations	Renovations	\$52.8 million	August 2024
Zucrow High-Speed Propulsion Lab	New construction	\$73 million	January 2025
Life Science Ranges Phenotyping Greenhouse Building	New construction	\$20 million	March 2025
University Hall and Related Renovations	Renovations	\$46.6 million	August 2026

The projects above total more than \$600 million in investment.

In summary, the current market conditions and employment statistics in the subject region and massive investments underway at the Purdue University Campus have a very positive impact on the West

Don R. Scheidt & Company, Inc.

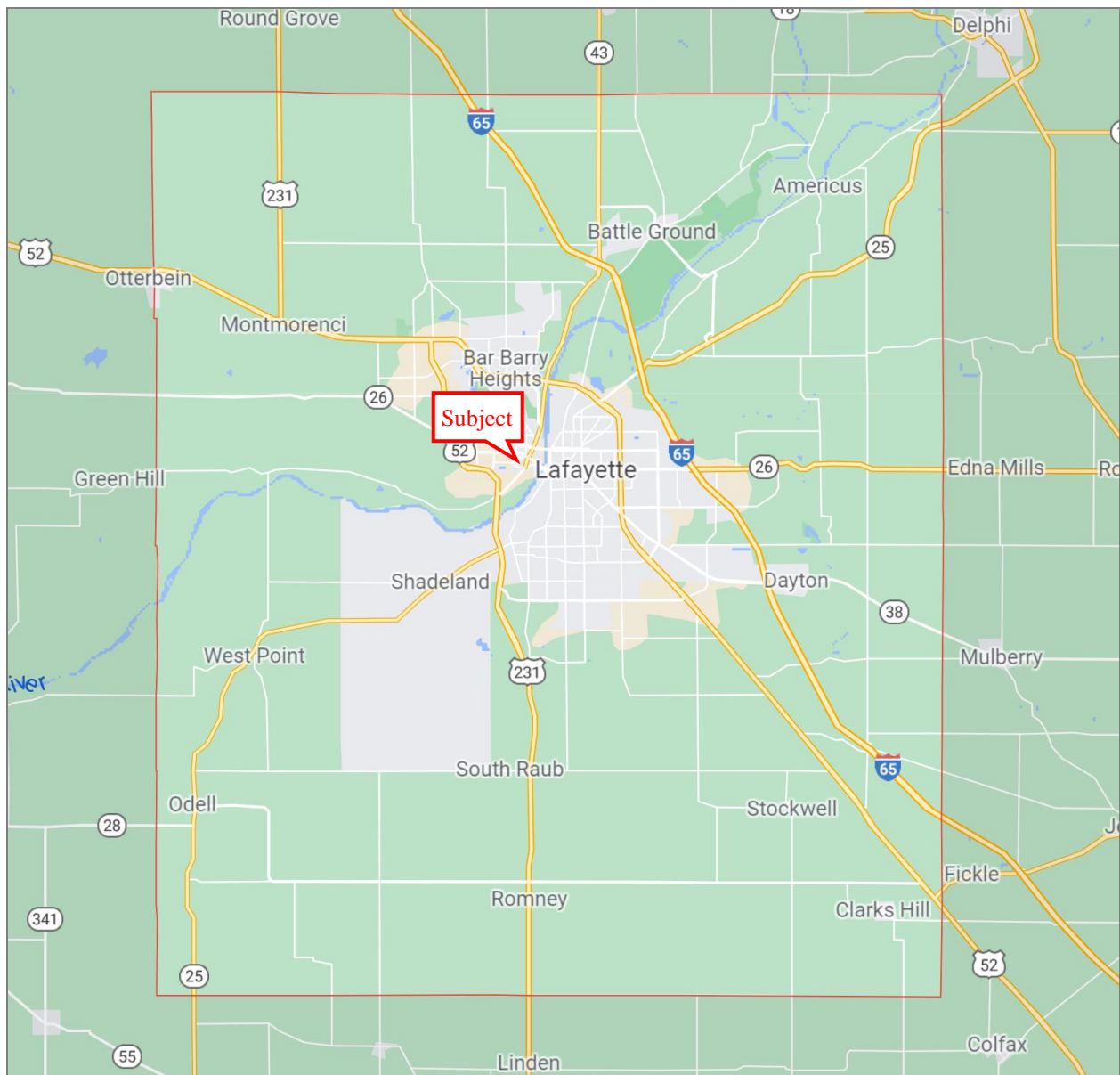
Indiana Office Locations: Indianapolis • Columbus • Lafayette

Lafayette and subject neighborhood future viability. These investments are expected to draw and strengthen the appeal to faculty, researchers, students and corporations.

Summary

The subject region has shown a history of stability even through economic downturns, due to the diversification of the economic base. Purdue University, which employs approximately 16,512 people, is also a stabilizer for the economy and has a widespread effect on the region in terms of overall quality of life. The unemployment rates have shown a decreasing trend over the past years and due to recent announcements are expected to continue to decline. The region offers ample recreational, shopping, and educational opportunities, and the region is situated well within the state in terms of transportation and proximity to major U.S. cities. Overall, the subject property benefits from the location within the region.

REGION MAP



Don R. Scheidt & Company, Inc.

Indiana Office Locations: Indianapolis • Columbus • Lafayette

MARKET ANALYSIS

A **market area** is “the geographic region from which a majority of demand comes and in which the majority of competition is located. Depending on the market, a market area may be further subdivided into components such as primary, secondary, and tertiary market areas, or the competitive market area may be distinguished from the general market area.” (The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, 2022, Page 116). A **market analysis** is “the study of the supply and demand in a specific area for a specific type of property.” (The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, 2022, Page 115).

The subject is located in West Lafayette in close proximity to the Purdue University campus and would primarily attract demand from students. The primary market area is therefore considered to be student-oriented housing near the Purdue campus. A secondary market area would be considered Greater Lafayette.

Student Housing Apartment Market

The student housing market in West Lafayette has historically been very tight. This situation changed slightly with the influx of new apartment complexes, especially when the new high rises entered the market in 2019 and remote study instructions caused by the pandemic for 2020-2021. But thanks to growing student enrollment, the occupancies have rebounded and there is now a shortage of student-oriented apartments within areas proximate to the Purdue University campus. Property managers reported waiting lists for specific unit types and a high percentage of preleased units have been reported for the 2023-2024 academic year, with some managers already pre-leasing for 2024-2025.

The following apartment complexes were built in West Lafayette since 2012 within walking distance from the Purdue University campus:

#	Name	Address	Year	# Units	# Bedrooms	Amenities	Garage	Retail
1	Chauncey Square Phase II	NWC N Salisbury St & South St	2012	110	280	Fitness, patio	Yes	No
2	University Terrace	105 E State St	2012	28	54	Patio	Yes	No
3	Kylee Cove	326 S Chauncey Ave	2013	18	36	Patio	Yes	No
4	Grant Street Station	320 S Grant St	2013	136	289	Pool, fitness	Yes	No
5	Crosswalk Commons	925 Hilltop Dr	2013	32	118	Entertainment room	No	No
6	Fuse	720 Northwestern Ave	2014	229	489	Fitness, clubroom	Yes	Yes
7	Morris Rentals	204 W Fowler Ave	2014	14	28	None	No	No
8	North by Northwest	225 Northwestern Ave	2015	44	56	Study room	Yes	Yes
9	South Street Station	46 N Salisbury St	2015	40	75	Study room	Yes	No
10	Campus Edge on Pierce	221 E State St	2018	287	586	Pool, fitness	Yes	Yes
11	Hi ViNE	302 Vine Street	2019	73	115	Study rooms	Yes	Yes
12	Rise on Chauncey	100 S Chauncey Ave	2019	281	664	Pool, fitness	Yes	Yes
13	Hub on Campus	111 S Salisbury St	2019	230	596	Pool, fitness	Yes	Yes
14	Crossing at Chauncey Hill	202 S Chauncey Ave	2019	56	104	None	Yes	No
15	Aspire	1245 W State St	2019	375	835	Fitness, study rooms	Off site	Yes
16	Wabash Landing Phase II	325 Brown St.	2020	114	114	Fitness	Yes	No
17	Muinzer Target Building	300 W State St	2020	36	96	Fitness, study rooms	No	Yes
18	Cypress on Columbia	117 E Columbia St	2020	48	64	Study room, lounge	Yes	No
19	120 Flats	120 W Fowler St	2020	53	65	None	No	No
20	Continuum	101 Foundry Drive	2021	249	332	Pool, fitness, club room	Yes	Yes
21	Provenance	1517 W State Street	2022	250	426	Fitness, café	Yes	Yes
Totals				2,703	5,422			

Table compiled by Don R Scheidt & Co., Inc

As the table indicates, a total of 2,703 new units have been added to the subject market area since 2012. These complexes provided 5,422 new bedrooms. In just the last five years, national and local developers added 3,997 bedrooms to the existing inventory of student-oriented housing, while the University enrollment has increased by 9,188 students within the same period. This excludes Aspire, which is a joint venture with Purdue University and more similar to a modern residence hall.

Don R. Scheidt & Company, Inc.

Indiana Office Locations: Indianapolis • Columbus • Lafayette

In addition to these already completed complexes listed above, there are several proposed developments in the pipeline, as summarized below.

#	Name	Address	Year	# Units	# Bedrooms	Amenities	Garage	Retail
1	Monterey Apartments	214 Pierce Street	2024	68	103	Fitness	Yes	No
2	Verve	NEC Wood Street & Chauncey Avenue	2025	247	763	Pool, fitness, study rooms	Yes	Yes
3	4-Up	SWC Fowler Avenue & Vine Street	2025	191	334	Unknown	Yes	No
4	Waldron Apartments	SWC Waldron Street & Third Street	2025	70-82	70-164	Unknown	Yes	No
5	Discovery Park District	SEC McCormick Road & Third Street	2025	402	638	Unknown	Yes	No
Totals				978	1,908			

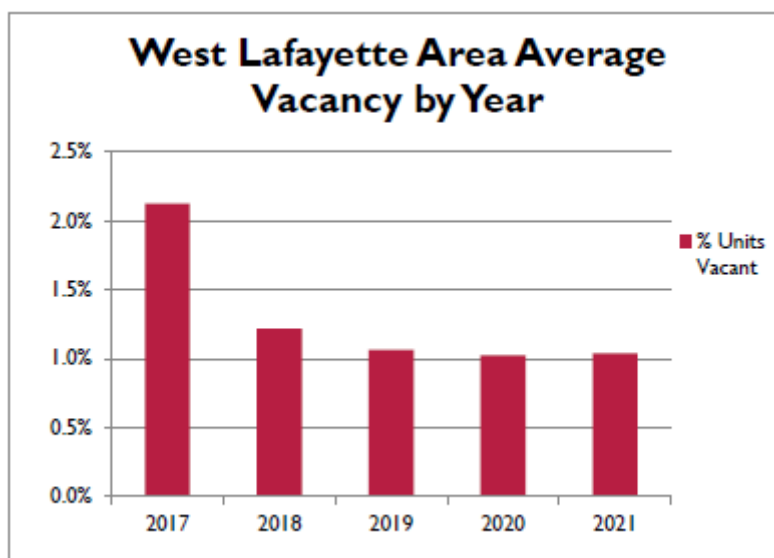
These proposed developments will add another minimum 978 units and 1,908 bedrooms by 2025. The most significant of these is Verve, a 7-story mixed-use building that is currently under construction on the entire block of Wood Street between Chauncey Avenue and Salisbury Street, south adjacent to The Rise at Chauncey and Hub on Campus. This building will add 763 bedrooms, more than either The Rise on Chauncey or Hub on Campus. The 4-Up development is a 6-story building, the Monterey Apartments is a 5-story building, and the Waldron Apartments is a 5-story building. With the exception of the Discovery Park District development, all of these are on sites that were improved with dated multi-family buildings.

Further, other several campus-proximate sites currently improved with dated multi-family buildings have been recently purchased by private entities for speculative larger scale apartment redevelopment. This includes a 0.24-acre site at 314 W Fowler Avenue, a 0.55-acre site at 217 Sheetz Street, and a 0.43-acre site at 414 & 422 Vine Street, although details on the redevelopments are not yet known.

Finally, the most major speculative student-oriented apartment project is the redevelopment of Chauncey Hill Mall, the most prominent campus-proximate location with heavy pedestrian traffic. The proposed development by owner Marc Muinzer consists of 813 units, 517 units in tower A (15 floors) and 296 units in tower B (14 floors) with a total of 1,500 bedrooms.

This proposal (rezoning case Z-2842 from CBW to PDMX) was met with strong opposition from the local authorities due to the incompatibility with the West Lafayette Downtown Plan. Specifically, the location of Chauncey Hill Mall is considered the most prominent campus-proximate location and is designated to be a focal point for the local community, students, and university employees. The conceptual plan calls for diversification of the uses within this area to include uses such as: retail inclusive of grocers and restaurants, a hotel, possible condominiums, office space, fitness facilities, and vast green and gathering areas, in addition to apartments. Meanwhile, the proposal incorporates only apartments and less than 15,000 SF of retail/commercial space and parking structure. The proposed development is placed on hold and the application expired in April 2022.

Residential vacancy rates in West Lafayette as reported by the 2022 Tippecanoe County Student Rental Report (published December 2022) are shown below.



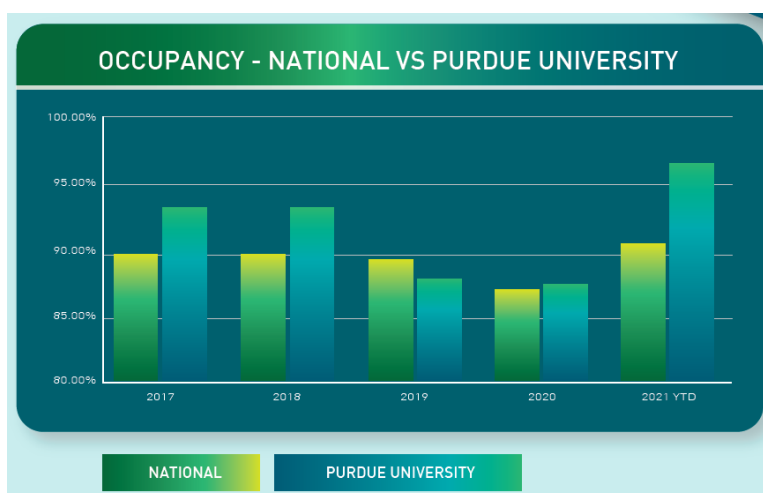
Looking at the individual years, an overall decrease in residential vacancy has occurred in the West Lafayette area, from a 2.1% vacancy rate reported in 2017 to a 1.0% vacancy rate reported in 2021.

According to the Cushman & Wakefield Indiana Apartment Market annual report for the West Lafayette submarket, the trend of vacancy rates for campus-proximate buildings is shown below:

Year	2016	2017	2018	2019	2020	2021	2022
University-Proximate Residences Vacancy	4.6%	2.2%	3.3%	3.9%	6.9%	3.3%	1.8%

The 2022 vacancy rate of 1.8% indicates that demand has outpaced the vast influx of supply in recent years and currently represents a shortage of supply in the marketplace.

The Triad 2021-2022 Research Report is consistent with the reporting by Cushman & Wakefield at 3.45% for 2021. The national occupancy versus Purdue University occupancy according to the Triad report shows the following trend:



Source: Triad 2021-2022 Research Report

Don R. Scheidt & Company, Inc.

Indiana Office Locations: Indianapolis • Columbus • Lafayette

The Triad report most likely reflects the most inclusive surveys and in fact shows a sharp decline from 2018, which coincides with the unprecedented influx of new units to the student housing market, followed by a slight decline in 2020 due to the pandemic, and then healthy rebound in 2021. Purdue University outperformed national occupancies in the last five years with the only exception being 2019, which is reasonable.

The retail sector within walking distance to the Purdue University campus benefits from pedestrian traffic, and while the COVID-19 pandemic adversely affected many retailers especially within the restaurant sector, the occupancies on campus are strong as there is strong demand from students, faculty, and staff at a rapidly increasing level. Local authorities emphasize the integration of campus area with the city downtown area as specified in the West Lafayette Downtown Plan.

Market Analysis Conclusion

As shown, campus-proximate student housing at Purdue University is in very high demand with current vacancy levels at a record low, clearly indicating demand has outpaced the vast influx of supply in recent years. Several approved large scale projects are in the pipeline, and developers are purchasing and assembling improved sites for high premiums with intentions of redevelopment into higher end student housing for the future. The subject improvements are dated within the market with generally obsolete unit types (4 bedrooms with less than 1 bathroom per bedroom), no in-unit laundry, and average quality. The subject units possess average competitive appeal.

Most Likely Buyer

Given the scale of the subject property, the most likely buyer would be a local or regional investor.

ESTIMATED EXPOSURE TIME

USPAP (2020-2021 edition, effective through December 31, 2023) defines *exposure time* as “an opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.” The marketing period is the length of time that would be required to sell the subject property if placed on the market as of the effective date of the appraisal.

Based on the preceding discussion, the subject’s marketability is considered to be average when compared to similar properties. Investor surveys report marketing times for various property types. Relevant data is summarized as follows:

Source	Most Recent			One Year Ago		
	Period	Range	Average	Period	Range	Average
PwC - National Student Housing Market	4Q2022	2.0 - 8.0	4.6	4Q2021	1.0 - 12.0	4.8
RERC - Student Housing	4Q2022		5.9	4Q2021		6.1
PwC - National Apartment Market	4Q2022	1.0 - 12.0	4.6	4Q2021	1.0 - 12.0	4.2
RERC - Apartment	4Q2022		4.3	4Q2021		4.3

As shown, investor survey indicators range from 1.0 to 12.0 months overall for the most recent quarter, with averages from 4.3 to 5.9 months. Average marketing times have fluctuated over the past year. Overall, based upon this information and considering the location and quality of the subject, and its competitive position in the market, exposure time is estimated as follows (with a similar marketing time estimate):

Value Premise	Exposure Time
Retrospective	Within 6 months

Don R. Scheidt & Company, Inc.

Indiana Office Locations: Indianapolis • Columbus • Lafayette

NEIGHBORHOOD ANALYSIS

A definition of **neighborhood** is “a group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises.” (*The Dictionary of Real Estate Appraisal*, 7th Edition, Appraisal Institute, 2022, Page 130). Neighborhood boundaries are identified by determining the area in which forces operate on properties in the same way that they operate on the property being appraised. Although a neighborhood may be seen as a grouping of properties within physical boundaries, these physical boundaries are less significant than are the boundaries of influence.

The general neighborhood is defined as the Purdue University campus and the surrounding areas including the southern portion of US 231 corridor south of Cherry Lane.

The primary land use is associated with the university and includes university buildings and student housing. The numerous recent developments within the Purdue University campus were described in greater detail in the Region Analysis and Market Analysis sections of the report.

Single-family homes are located predominantly within the northeastern portion of the neighborhood. Most homes are 50+ years old with many adapted to accommodate student rentals. Apartment complexes are typically new to 20+ years old and are concentrated within the southern and eastern portion of the subject neighborhood. These apartments are almost exclusively student oriented.

State Street was redesigned to become “a place where people want to live, work, and play”. Pedestrian friendly areas to walk and relax along with bike lanes and extensive landscaping greatly enhanced the appeal and utility of State Street. This was the result of a massive \$120 million joint investment between the City of West Lafayette and Purdue University.

Commercial uses are comprised predominantly of retail uses concentrated along State Street, Northwestern Avenue and both North and South River Road. They include numerous restaurants and fast food establishments, bookstores, cafes and a bank.

Wabash Landing is the largest retail development within the subject neighborhood. Tenants include: a movie theater, Starbucks, Panera Bread, and others. This development is also anchored by a Hilton Garden Inn, and a 200+-unit apartment complex with a five-story parking garage.

Levee Plaza is an older strip center located north of Wabash Landing. This aging center was formerly anchored by Smitty’s supermarket and International Sports health club. The current tenants include Buffalo Wild Wings, Hudson’s Bay Company, Neon Cactus bar and nightclub, and Poblano’s restaurant. Nine Irish Brothers, Bruno’s, and the former now-closed Puccini’s are sit-down restaurants located south of Levee Plaza and north of Wabash Landing. The levee area is the focal point of the new West Lafayette Downtown Plan focused on improving the appeal and functionality of the area, including redevelopment of older facilities while preserving the character and historic significance, enhancing safety and infrastructure and improve connectivity to the Wabash River and Lafayette Downtown area.

River Market and State Street Towers are mixed-use buildings with apartments on the upper floors and retail uses on the ground level. These buildings are located on the southeast and southwest corners of State Street and River Road. Chauncey Hill Mall offers numerous restaurants and stores and is currently in an interim period awaiting redevelopment. A proposal was submitted to the Tippecanoe County Area Plan Commission for redevelopment of the mall into a two-tower, 15-story high-rise with 813 units and 1,500 beds with less than 15,000 SF of commercial space on the ground floor.

This proposal was met with strong opposition from the local authorities due to the incompatibility with the West Lafayette Downtown Plan. Specifically, the location of Chauncey Hill Mall is considered the most prominent campus-proximate location and is designated to be a focal point for the local community, students, and university employees. The conceptual plan calls for diversification of the uses within this area to include uses such as: retail inclusive of grocers and restaurants, a hotel, possible condominiums, office space, fitness facilities, and vast green and gathering areas, in addition to apartments. Meanwhile, the proposal incorporates only apartments and less than 15,000 SF of retail/commercial space and parking structure. The proposed development is placed on hold and the application expired in April 2022.

The newest and largest development is Provenance at Discovery Park District. The entire site, bordered by West State Street to the north, Airport Road to the east and US 231 to the south and west, was rezoned in August 2019 from R3W to PDMX – Planned Development Mixed Use. The development will occur in multiple phases. As of the date of this report, Phase 1 of Provenance Apartments and several single-family homes were completed and a row of townhomes was under construction.



Vacant land is found within the southeast corner of the defined neighborhood along Tapawingo Drive. Tapawingo Drive has been extended from the intersection with State Street to South River Road. This extension improved the access to the new US 231 South by bypassing the busy intersection of State Street with River Road. The new Hampton Inn and Suites was recently completed at the corner of Tapawingo Drive and State Street.

The area is serviced by state and local roads, with public transportation available (free for campus loop). The access to the subject neighborhood is considered adequate. The student population largely relies on walking to and from the campus. Sidewalks are provided in most locations enhancing the safety of pedestrians. The subject's neighborhood has convenient access to the Purdue University Campus and benefits from its extensive recreational and retail/service facilities. The pedestrian crossing (John T. Myers Pedestrian Bridge) improves the access to the Lafayette Central Business District from the Purdue Campus.

Don R. Scheidt & Company, Inc.

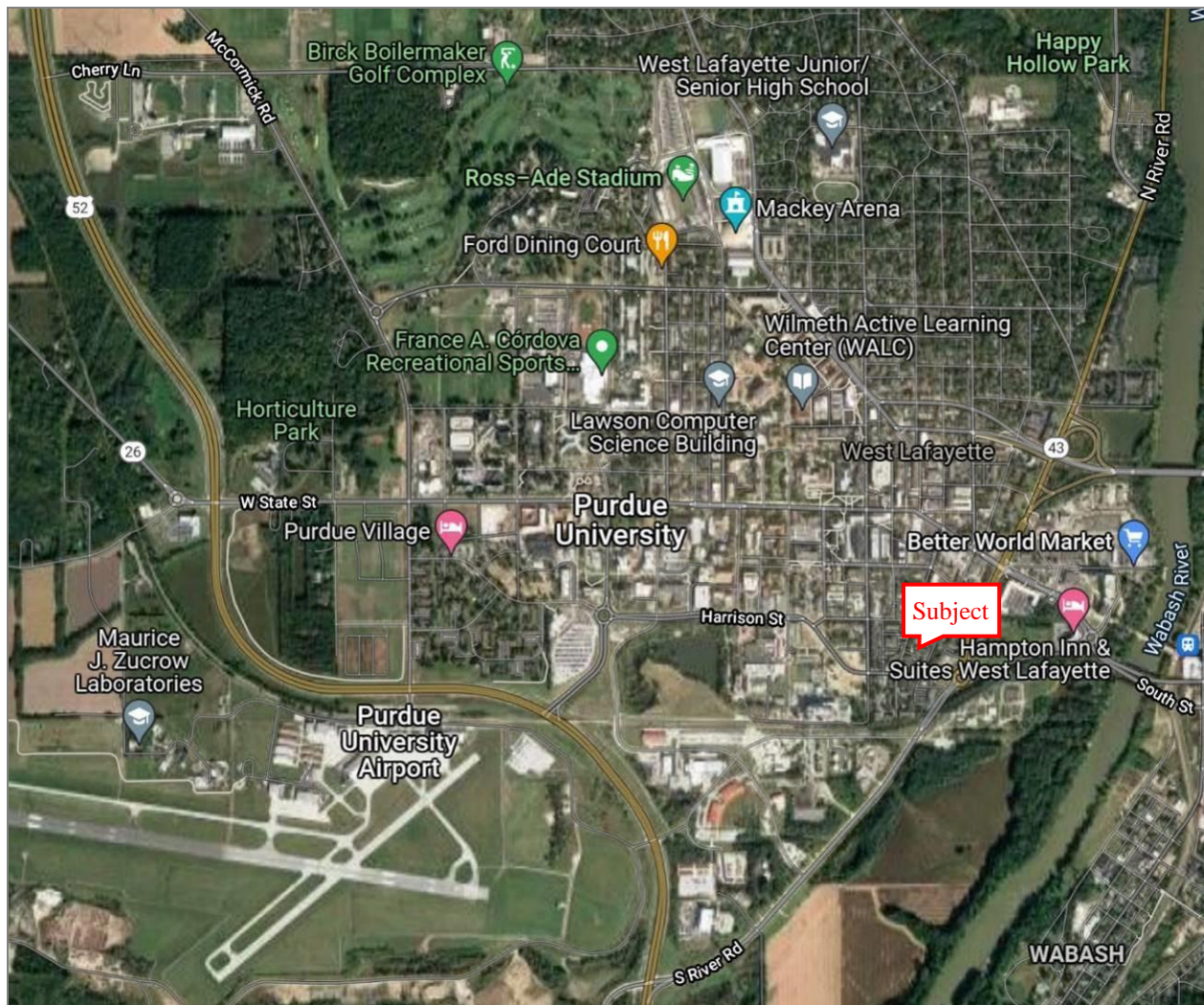
Indiana Office Locations: Indianapolis • Columbus • Lafayette

The US 231 corridor creates new areas of development along its entire lengths from Purdue Airport. Commercial uses are the focus at the intersections with Cumberland Avenue and Sagamore Parkway West and residential uses are to be the focus of Lindberg Road area. The intersection with SR 26 (State Street) has a church, Rolls-Royce facility, Schweitzer Laboratories and the last corner is being developed with Provenance at Discovery Park.

Another major current project is the replacement of the railroad bridge on Newman Road to allow larger vehicles to access the western areas of the Aerospace District. The existing underpass was a low clearance, one lane road that was too narrow for most commercial vehicles.

In conclusion, the subject neighborhood is nearly fully developed within its eastern portion with many redevelopment projects taking place, while the southwestern portion is in a growth phase. Purdue University is the driving force behind the economy and development of the subject neighborhood as well as providing support for the entire Greater Lafayette economy. The outlook for the subject neighborhood is dynamic and positive.

NEIGHBORHOOD MAP



Don R. Scheidt & Company, Inc.

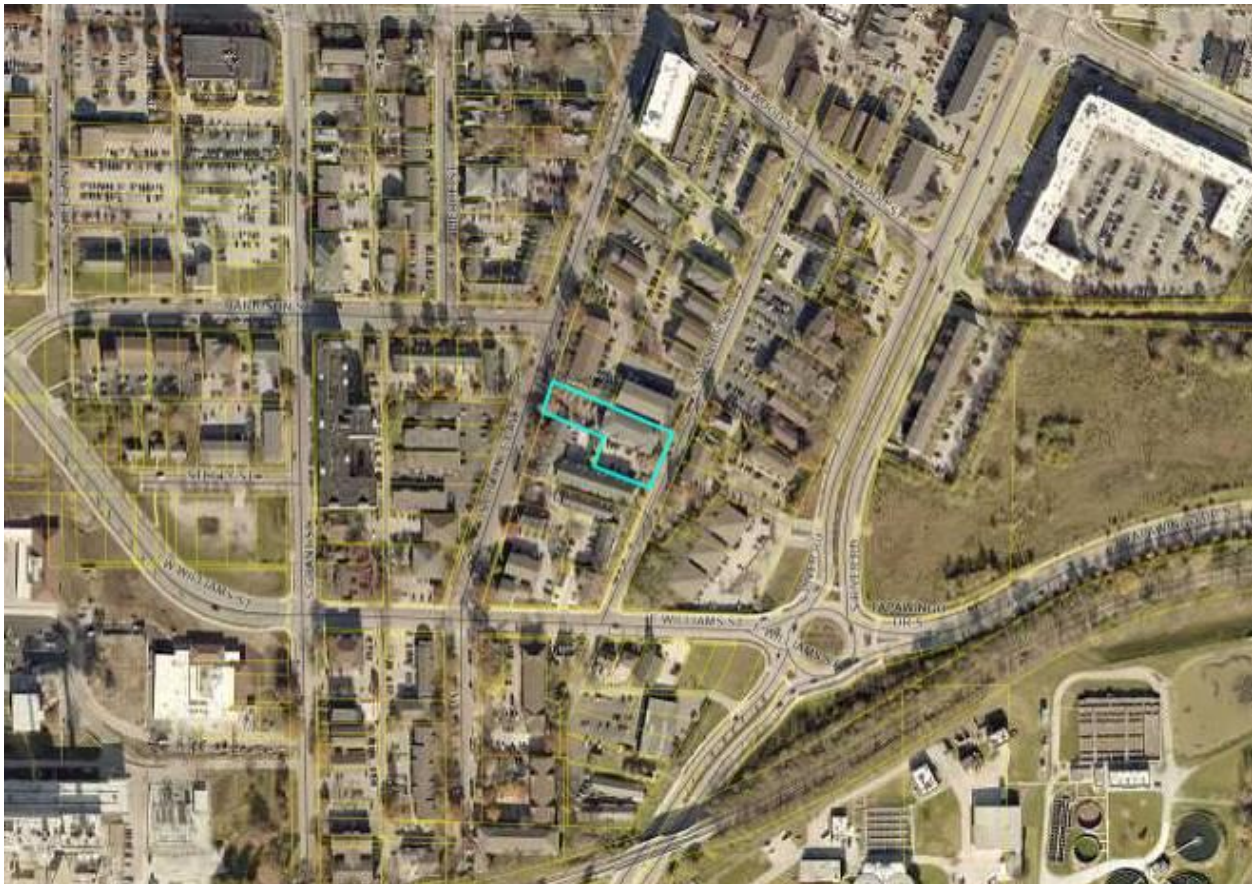
Indiana Office Locations: Indianapolis • Columbus • Lafayette

SITE DESCRIPTION

The following site description is based on information from public records and observations made during the inspection of the property.

Location:	314 S Chauncey Avenue West Lafayette, Tippecanoe County, Indiana 47906
Land Size:	0.530 acre or 23,087 SF – per public records
Legal Description:	SOUTHFORK SD & PT LOT 40 ORIG PLAT CHAUNCEY 0.007 A
Land Shape:	L-shaped
Frontage/Depth:	Approximately 143 feet on Chauncey Avenue and 130 feet on Salisbury Street
Ingress and Egress:	Via one ingress/egress from Chauncey Avenue
Visibility:	Average
Topography:	The site has a sloping topography. The site is at street grade along Chauncey Avenue and above grade along Salisbury Street
Drainage:	The site is served by a municipal storm drainage system. Upon inspection drainage appeared adequate.
Flood Zone:	According to FEMA flood map panel number 18157C0141D, dated September 25, 2009, the subject is located in Zone X Other Area, defined as areas determined to be outside the 0.2% annual chance floodplain.
Easements/Encroachments:	A survey was not provided. It is assumed the site is encumbered by typical utility easements. It is assumed there are no easements or encroachments that adversely impact the property.
Utilities:	All utilities are available to the site.
Adjacent Uses:	North: Student-oriented housing South: Student-oriented housing East: Student-oriented housing West: Student-oriented housing None of the adjacent uses are considered to be a nuisance or hazard.
Environmental:	The appraiser is not an environmental expert. This appraisal assumes that the subject property does not suffer from any environmental defects or hazards and does not consider the cost of removal of environmentally hazardous materials or conditions. The user(s) of this appraisal report are urged to seek the services of an expert in this field for verification, if desired. Should any environmental issues arise, the value herein may be rendered invalid.

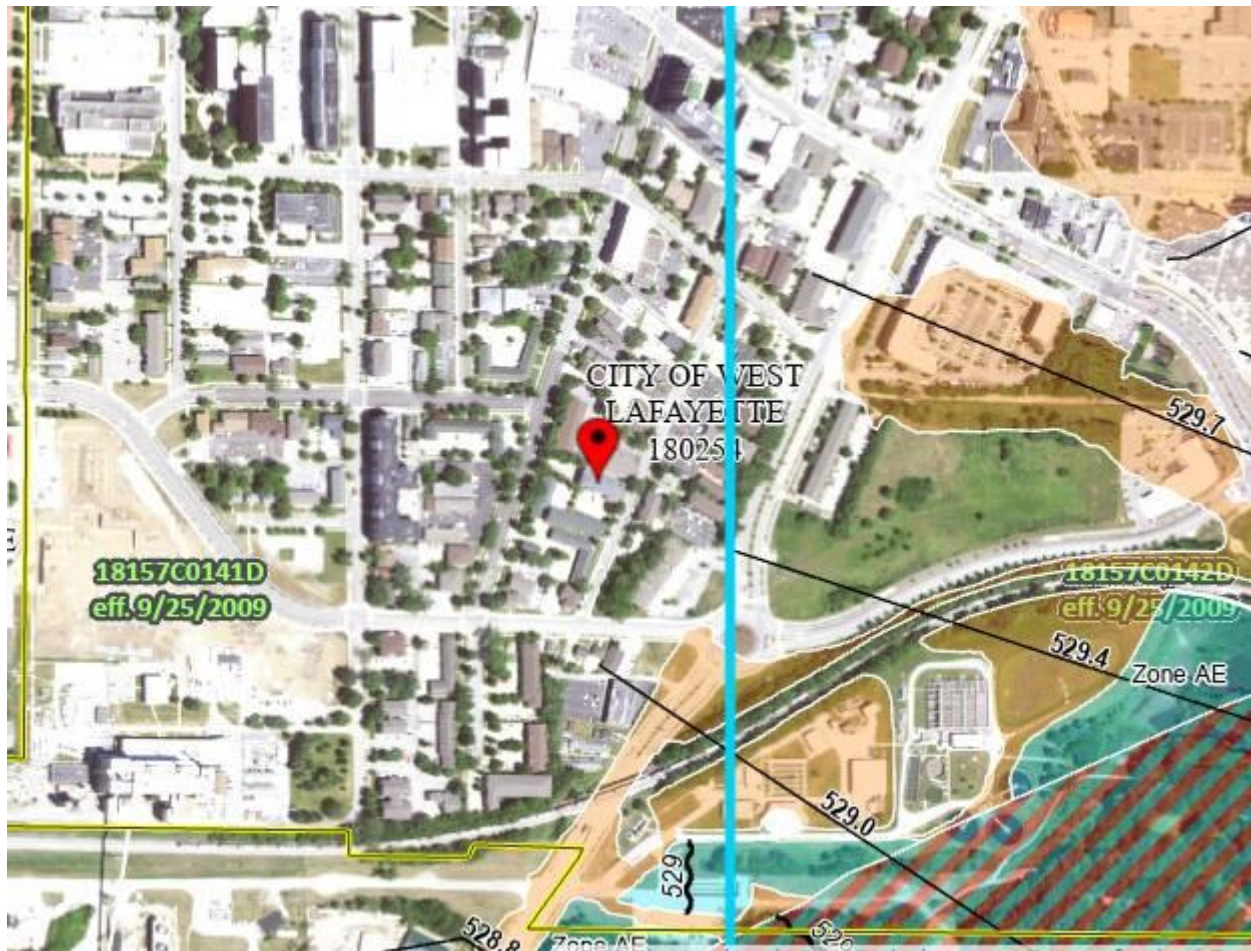
AERIAL PLAT MAP



Don R. Scheidt & Company, Inc.

Indiana Office Locations: Indianapolis • Columbus • Lafayette

FEMA FLOOD MAP



Don R. Scheidt & Company, Inc.

Indiana Office Locations: Indianapolis • Columbus • Lafayette

DESCRIPTION OF IMPROVEMENTS

The following improvement description is based on observations made during the inspection of the improvements and information from public records. This appraisal makes no representations as to the engineering aspects of the improvements, or the adequacy of the structural, electric, HVAC, and plumbing systems.

Improvements include one building containing 23 apartment units and 92 bedrooms, with a total gross building area of 26,192 SF and rentable area of 20,930 SF. The land-to-building ratio is 0.9 to 1 (based on GBA). The unit mix is as follows:

Site Improvements

Utilities:	All utilities are available to the site.
Parking:	Two non-contiguous concrete parking lots with 48 parking spaces (which is not adequate, 69 spaces are required).
Other Improvements:	Other site improvements include concrete sidewalks, concrete curbs, building mounted lights, minimal landscaping, signage.
Quality:	Average
Condition:	Average

Building

General Description:	The subject includes a three-story apartment building.
Foundation:	Poured concrete footings
Structural System:	Wood frame
Exterior:	Brick and wood
Roof:	Pitched with asphalt shingles
Year Built:	1987
Building Area:	26,192 SF – gross building area (based on public records) 20,930 SF – rentable area

Unit Mix:				
	Unit Type	# Units	# Beds	Size (SF)
	4 Bedroom / 2 Bathroom	23	92	910
	Totals	23	92	20,930

Interior Finish:	
Walls:	Painted drywall
Floor:	Carpet and vinyl
Ceiling:	Drywall
Windows:	Vinyl
Doors:	Aluminum/glass/steel
Standard Appliances:	Range/oven, refrigerator, microwave, and dishwasher

Don R. Scheidt & Company, Inc.

Indiana Office Locations: Indianapolis • Columbus • Lafayette

Laundry:	Common laundry
Kitchens / Bathrooms:	Wood kitchen cabinets and laminate counter tops, wood bathroom vanities with solid tops, and a mix of tubs and shower stalls
Vertical Circulation:	Stairwells
HVAC:	Gas-fired forced-air heat and forced-air central cooling
Plumbing:	Each unit has at least one full bathroom, with plumbing assumed adequate to meet the needs of the tenants
Electrical:	Presumed to meet code and to be adequate for the current use
Lighting:	Fluorescent
Fire Sprinkler:	No
Other Features:	storage room
Common Amenities:	Common laundry room on each floor with one washer and dryer each
Quality:	Average
Condition:	Average

DEPRECIATION OF THE IMPROVEMENTS**Physical Deterioration**

There are two forms of physical deterioration - curable and incurable. Curable deterioration includes items of physical deterioration that are economically feasible to cure (deferred maintenance). Incurable physical deterioration is a defect that is impractical or uneconomic to correct. Incurable physical deterioration considers items such as the overall age of the structure, and the major components of construction such as the frame, and or shell of the building, foundation, flooring, etc. These incurable items do depreciate with time and cannot be easily replaced or repaired to increase the economic life of the property.

The actual age and condition of the subject improvements is summarized below:

	Year Built	Actual Age	Deferred Maintenance	Overall Condition
Building improvements	1987	36 years	None	Average
Site improvements	1987	36 years	None	Average

Overall, the improvements suffer from incurable physical deterioration due to their age. No deferred maintenance requiring immediate attention was observed during inspection of the improvements.

Functional Obsolescence

Functional obsolescence can result from a flaw or defect caused by a deficiency or superadequacy in the structure, materials, or design of a building. Functional obsolescence can also be curable or incurable, depending upon economic feasibility.

The building is three levels but contains no elevator which limits handicap accessibility. The property does not meet the required number of parking spaces, although this is common within the market. The unit type of 4-bedroom/2-bathroom is outdated in the market as new facilities feature 1 bathroom per bedroom. Additionally, the subject units do not feature in-unit laundry. Overall, there is functional obsolescence affecting the subject.

External Obsolescence

External obsolescence is defined as “a type of depreciation; a diminution in value caused by negative external influences and generally incurable on the part of the owner, landlord, or tenant. The external influence may be either temporary or permanent. There are two forms of external obsolescence: economic and locational.” (*The Dictionary of Real Estate Appraisal*, 7th Edition, Appraisal Institute, 2022, Page 68). It is the result of diminished utility of a structure due to negative influence from outside the site, resulting in a loss in value to the property.

As discussed previously, the Purdue University student housing market has seen a vast influx of new units in recent years, but demand has met this influx, as new units have been absorbed quickly nearly up to 100%. Sites improved with older multi-family buildings continue to be purchased for redevelopment into higher end apartments. Ultimately, no external obsolescence is applicable.

Summary

The subject suffers from incurable physical deterioration, and functional obsolescence. The total economic life for the subject is estimated to be approximately 50 years. In an economic age-life analysis, the important concepts are economic life and effective age, with effective age accounting for all forms of depreciation. Periodic replacements and renovations work to reduce effective age. Considering the subject's actual age and current observed condition as well as the discussion of various forms of depreciation, effective is estimated at approximately 30 years, for a remaining economic life of around 20 years. This is considered a reasonable remaining economic life of the property assuming normal routine maintenance is performed.

SUBJECT PHOTOS



West elevation



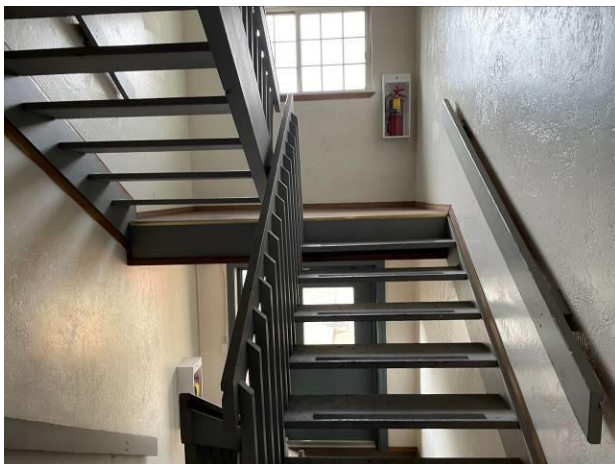
South elevation



North elevation



Hallway



Typical stairwell

Don R. Scheidt & Company, Inc.

Indiana Office Locations: Indianapolis • Columbus • Lafayette

ZONING REGULATIONS

The subject property is zoned R3W, Single-family, two-family and multi-family residential (West Lafayette) by the Tippecanoe County Area Plan Commission. The intent of this district is to provide areas in West Lafayette for single-family and two-family dwellings, and relatively high density multi-family dwellings at density levels less than or equal to the maximum established by the Tippecanoe County Area Plan Commission. Permitted uses include a variety of residential and university uses.

Some of the requirements for this district are summarized as follows:

Min. Lot Size:	2,000 SF for multi-family dwelling
Min. Lot Width:	70'
Min. Front Setback:	25'
Min. Side Setback:	6'
Min. Rear Setback:	25'
Building Height:	14' at the finished floor of the upper story
Parking:	3.0 per unit over 825 SF, indicating 69 spaces
Max. Building Coverage:	40%

The subject does not meet the parking requirement, which is common of the market. The subject was constructed prior to current zoning regulations and would be grandfathered in, representing a legal nonconforming use.



Don R. Scheidt & Company, Inc.

Indiana Office Locations: Indianapolis • Columbus • Lafayette

ASSESSMENT AND TAXES

In Indiana, property is assessed based on its “market value in use”. According to Indiana’s 2011 Real Property Assessment Manual, **Value in Use** is defined as “*the value of property for a specified use...the value a specific property has for a specific use. Synonymous with Use Value and Market Value in Use.*” (2011 Real Property Assessment Manual: Department of Local Government Finance, page 8). Assessed values in Indiana are effective as of January 1 each year, and taxes are payable in two equal installments of the following year. In 2008, the Indiana General Assembly approved legislation overhauling the property tax system, and Indiana voters overwhelmingly approved the legislation in a referendum in the November 2010 general election. The legislation caps annual taxes as a percentage of gross assessed value as follows: 1% for homeowners, 2% for farm and residential rental property and 3% for all commercial and industrial property. Voter-approved referendums can increase the tax caps within a taxing district. To help offset the reduced real estate tax revenue, the sales tax in Indiana increased from 6% to 7% April 1, 2008.

The subject property is identified by parcel number as shown in the table below. This table also shows the assessment, tax rate, and annual tax liability for the subject for the most recent tax year. The subject is located in the West Lafayette City-WLSC-B taxing district, which has a 2022 tax rate of 2.8557%. The applicable cap for the subject is 2% but has been adjusted to 2.3700% due to a voter-approved referendum.

A summary of the subject’s 2021 assessment and payable 2022 taxes is shown below.

Real Estate Assessment and Taxes								
Tax ID	Assessment Year	Land	Improvements	Total Assessment	Tax Rate	Taxes	Special Assessment	Total Liability
79-07-19-478-010.000-026	2021	\$0	\$2,600,200	\$2,600,200	2.3700%	\$61,625	\$0	\$61,625

Taxes are due in two equal installments on May 10th and November 10th of each year.

HIGHEST AND BEST USE

Highest and Best Use is “*The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.*” (The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, 2022, Page 88).

Highest and Best Use “As Though Vacant”: There are two choices in determining the highest and best use of a site “as though vacant”: the site should remain unimproved or be developed.

The Market Value In Use of a property is for its current use, as reflected by the utility received by the owner or by a similar user, from the property. Therefore, a detailed Highest and Best Use analysis is not presented. However, it is evident within this market that the highest and best use of the subject site “as though vacant” is development of student-oriented apartments.

Highest and Best Use “As Improved”: In determining the highest and best use of the subject property “as improved” there are four alternatives: 1) raze the improvements, 2) modify the improvements (altering the improvements by increasing or decreasing the usable square footage and any other structural changes), 3) rehabilitation of the improvements (including curing the most critical issues of deferred maintenance, as well as possibly any other curable physical or curable functional obsolescence), or 4) leave the improvements in their current condition.

Don R. Scheidt & Company, Inc.

Indiana Office Locations: Indianapolis • Columbus • Lafayette

The building improvements were constructed in 1987 and are in average condition overall and neither substantial rehabilitation nor modification is necessary at this time. Therefore, based upon this analysis, the Highest and Best Use for the subject “as improved” is the current improvements.

THE VALUATION PROCESS

The determination of an opinion of a real property's market value involves a systematic process in which the problem is defined; the work necessary to solve the problem is planned; and the data required is acquired, classified, analyzed, and interpreted into an estimate of value. In this process, three approaches are available to the appraiser.

In the Cost Approach, the appraiser must first estimate the value of the subject site by comparing it to similar sites that have recently sold or are currently offered for sale. The replacement or reproduction cost new of the improvements, as compared to similarly constructed properties is then estimated. Depreciation from all sources is then determined and subtracted from the reproduction cost new of the improvements to arrive at the depreciated cost of the subject improvements. The depreciated cost of the subject improvements is then added to the estimated site value with the result being the indicated value by the Cost Approach.

The Sales Comparison Approach involves the comparison of similar properties that have recently sold, or similar properties that are currently offered for sale, with the subject property. This approach is based upon the assumption that an informed buyer would pay no more for a property than he or she would have to pay in order to purchase an equally desirable substitute property having the same or similar utility. Application of this method of analysis involves researching sales of similar properties that have recently sold or are currently offered for sale. These properties are compared with the subject on a per unit basis taking into consideration such factors as date of sale, age, location, and physical characteristics. When sufficient sales data are available, these adjustments are best determined by the actions of typical buyers and sellers in the subject's market. The notable differences in the comparable properties are then adjusted to the subject property to indicate a value range for the property being appraised. The validity of the value indication derived by this approach is dependent upon the availability of data pertaining to sales of directly comparable properties.

The Income Capitalization Approach is a process in which the anticipated flow of future benefits (actual dollar income or amenities) is discounted to a present worth figure through the capitalization process. The appraiser is primarily concerned with the future benefits resulting from Net Income. Net Income is the remainder after deductions of expenses of operation from the Effective Gross Income. The steps in this approach include estimating Potential Gross Income by comparison with competing properties and estimating expenses (derived from historical and/or market experience) to determine a projected net income stream. This income stream is then capitalized into an indication of value by using capitalization rates extracted from competitive properties in the market or by using other techniques when applicable.

The value indications from the three approaches are then correlated into a final opinion of the property's worth. In the Final Reconciliation, the appraiser must weigh the relative significance, defensibility, and applicability of each approach as it pertains to the type of property being appraised, and that best approximates the value being sought in this appraisal.

As discussed in the Scope of Work section of this report, the Sales Comparison and Income Capitalization Approaches are developed in the valuation of the subject property.

INCOME CAPITALIZATION APPROACH

The Income Capitalization Approach assumes there is a definite relationship between a property's income producing potential and its market value. This approach employs appraisal techniques whereby the net annual income to a property is processed into an estimate of value. The Income Capitalization Approach presumes that no prudent buyer will pay more for the right to receive the future income stream for the subject property than an amount for which he can obtain the rights to a substitute future income stream, assuming similar quality, quantity, and durability of the income streams.

Two valuation methods are typically developed in the Income Capitalization Approach. The first method is the discounted cash flow (DCF) analysis. This technique uses the annual cash flow of the property for a specified holding period. The discounting of these cash flows to a present value over the holding period results in an estimate of market value via this technique. A value indication can also be derived using direct capitalization. This technique converts the first year's stabilized NOI into a value indication using the capitalization process. In this analysis, the direct capitalization method will be employed since this is the most common method employed by market participants in valuing multifamily properties via the Income Capitalization Approach.

Market Rent Analysis

The first step in the valuation of the subject property is to estimate a market rental rate for each apartment unit type. Market rent for the subject will be estimated based upon rents being achieved and asking rents in the marketplace. **Market rent** is *“the most probable rent that a property should bring in a competitive and open market under all conditions requisite to a fair lease transaction, the lessee and lessor each acting prudently and knowledgeably, and assuming the rent is not affected by undue stimulus.”* (*The Dictionary of Real Estate Appraisal*, 7th Edition, Appraisal Institute, 2022, Page 117).

Taking into consideration the subject's location, age/condition, amenities, and target market, the following rental properties are determined to be the best indicators of market rents for the subject at the current time. The following pages present a description of the subject and each comparable, including the unit types and sizes available as well as unit and project amenities and occupancy rates. This is followed by a discussion of the comparables and rent comparison grids.

SUBJECT PROPERTY

LOCATION: Southfork Apartments
314 S Chauncey Avenue
West Lafayette, IN

UNITS: 23

YEAR BUILT/RENOVATED: 1987

OCCUPANCY: Assumed 100% based on market



UNIT AMENITIES:

- ☒ Range/oven
- ☒ Refrigerator
- ☒ Microwave
- ☒ Dishwasher
- ☐ Disposal
- ☒ Central AC
- ☐ Through-wall AC
- ☐ Washer/dryer hook-ups
- ☐ Washer/dryer in unit
- ☒ Patio/balcony
- ☐ Other
- ☐ Other

COMMON AMENITIES:

- ☐ Clubhouse
- ☐ Business center
- ☐ Fitness center
- ☒ Common laundry
- ☐ Swimming pool
- ☐ Sports court
- ☐ Dog park
- ☐ Playground
- ☐ Walking trail
- ☐ Surface parking
- ☐ Carports
- ☐ Garages

UTILITIES INCLUDED:

- ☐ Gas
- ☒ Water
- ☒ Trash removal
- ☐ Electric
- ☒ Sewer
- ☐ Other

# Units	Unit Type	Unit SF	Monthly Rent	Rent per Bed
23	4 Bedroom / 2 Bath	910	\$2,300	\$575

ADDITIONAL COMMENTS: None

CONCESSIONS: None

DATE OF SURVEY: January 2023

SOURCE: Online listing

RENT COMPARABLE 1

LOCATION: 422-426 Grant Street
West Lafayette, IN
UNITS: 19
YEAR BUILT/RENOVATED: 1983
OCCUPANCY: Assumed 100% based on market



UNIT AMENITIES:

- ☒ Range/oven
- ☒ Refrigerator
- ☒ Microwave
- ☒ Dishwasher
- ☐ Disposal
- ☐ Central AC
- ☒ Through-wall AC
- ☐ Washer/dryer hook-ups
- ☐ Washer/dryer in unit

☐ Other
☐ Other

COMMON AMENITIES:

- ☐ Clubhouse
- ☐ Business center
- ☐ Fitness center
- ☒ Common laundry
- ☐ Swimming pool
- ☐ Sports court
- ☐ Dog park
- ☐ Playground
- ☐ Walking trail
- ☒ Surface parking
- ☐ Carports
- ☐ Garages

UTILITIES INCLUDED:

- ☐ Gas
- ☒ Water
- ☒ Trash removal
- ☐ Electric
- ☒ Sewer
- ☐ Other

Unit Type	Unit SF	Monthly Rent	Rent per Bed
4 Bedroom / 2 Bath	900	\$2,400	\$600

ADDITIONAL COMMENTS: None

CONCESSIONS: None

DATE OF SURVEY: January 2023
SOURCE: Evergreen Campus Rentals

RENT COMPARABLE 2 ☒

LOCATION: 105 Columbia
105 E Columbia Street
West Lafayette, IN

UNITS: 8

YEAR BUILT/RENOVATED: 1985

OCCUPANCY: Assumed 100% based on market



UNIT AMENITIES:

- ☒ Range/oven
- ☒ Refrigerator
- ☒ Microwave
- ☒ Dishwasher
- ☒ Disposal
- ☒ Central AC
- ☐ Through-wall AC
- ☐ Washer/dryer hook-ups
- ☐ Washer/dryer in unit

COMMON AMENITIES:

- ☐ Clubhouse
- ☐ Business center
- ☒ Fitness center
- ☒ Common laundry
- ☐ Swimming pool
- ☐ Sports court
- ☐ Dog park
- ☐ Playground
- ☐ Walking trail
- ☒ Surface parking
- ☐ Carports
- ☐ Garages

UTILITIES INCLUDED:

- ☒ Gas
- ☒ Water
- ☒ Trash removal
- ☐ Electric
- ☒ Sewer
- ☐ Other

Unit Type	Unit SF	Monthly Rent	Rent per Bed
4 Bedroom / 2 Bath	900	\$2,400	\$600

ADDITIONAL COMMENTS: None

CONCESSIONS: None

DATE OF SURVEY: January 2023

SOURCE: Evergreen Campus Rentals

RENT COMPARABLE 3

LOCATION: 210 W Wood Street
West Lafayette, IN
UNITS: 7
YEAR BUILT/RENOVATED: 1984
OCCUPANCY: Assumed 100% based on market

UNIT AMENITIES:

- ☒ Range/oven
- ☒ Refrigerator
- ☒ Microwave
- ☒ Dishwasher
- ☐ Disposal
- ☐ Central AC
- ☒ Through-wall AC
- ☐ Washer/dryer hook-ups
- ☐ Washer/dryer in unit



☐ Other
☐ Other

COMMON AMENITIES:

- ☐ Clubhouse
- ☐ Business center
- ☐ Fitness center
- ☐ Common laundry
- ☐ Swimming pool
- ☐ Sports court
- ☐ Dog park
- ☐ Playground
- ☐ Walking trail
- ☒ Surface parking
- ☐ Carports
- ☐ Garages

UTILITIES INCLUDED:

- ☐ Gas
- ☐ Water
- ☒ Trash removal
- ☐ Electric
- ☐ Sewer
- ☐ Other

Unit Type	Unit SF	Monthly Rent	Rent per Bed
4 Bedroom / 2 Bath	1,010	\$2,200	\$550

ADDITIONAL COMMENTS: The building does not feature on-site laundry.

CONCESSIONS: None

DATE OF SURVEY: January 2023
SOURCE: Evergreen Campus Rentals

RENT COMPARABLE 4

LOCATION: 214 W Wood Street
West Lafayette, IN
UNITS: 10
YEAR BUILT/RENOVATED: 1983
OCCUPANCY: Assumed 100% based on market



UNIT AMENITIES:

- ☒ Range/oven
- ☒ Refrigerator
- ☒ Microwave
- ☒ Dishwasher
- ☐ Disposal
- ☒ Central AC
- ☐ Through-wall AC
- ☐ Washer/dryer hook-ups
- ☐ Washer/dryer in unit

☐ Other
☐ Other

COMMON AMENITIES:

- ☐ Clubhouse
- ☐ Business center
- ☐ Fitness center
- ☒ Common laundry
- ☐ Swimming pool
- ☐ Sports court
- ☐ Dog park
- ☐ Playground
- ☐ Walking trail
- ☒ Surface parking
- ☐ Carports
- ☐ Garages

UTILITIES INCLUDED:

- ☐ Gas
- ☒ Water
- ☒ Trash removal
- ☐ Electric
- ☒ Sewer
- ☐ Other

Unit Type	Unit SF	Monthly Rent	Rent per Bed
4 Bedroom / 2 Bath	950	\$2,400	\$600

ADDITIONAL COMMENTS: None

CONCESSIONS: None

DATE OF SURVEY: January 2023
SOURCE: Evergreen Campus Rentals

Market Rent Analysis

4-Bedroom Units

#	Property	Location	Unit	Size (SF)	Monthly Rent	Rent per Bed	Utilities Inc.
s	Southfork Apartments	West Lafayette, IN	4BR/2BA	910	\$2,300	\$575	W, S, T
1	422-426 Grant Street	West Lafayette, IN	4BR/2BA	900	\$2,400	\$600	W, S, T
2	105 E Columbia Street	West Lafayette, IN	4BR/2BA	900	\$2,400	\$600	W, S, T, G
3	210 W Wood Street	West Lafayette, IN	4BR/2BA	1,010	\$2,200	\$550	T
4	214 W Wood Street	West Lafayette, IN	4BR/2BA	950	\$2,400	\$600	W, S, T

The comparables indicate a range of \$2,200 to \$2,400 per unit, or \$550 to \$600 per bed. The subject's current rent is \$2,300 per unit or \$575 per bed. Comparable 3 does not feature on-site laundry and would therefore be inferior to the subject. The subject's rents are squarely bracketed by the comparables and supported as market. A market rent of \$2,300 per unit or \$575 per bed will be reconciled and applied.

Market Rent Summary

The market rents and potential gross income are shown below.

Tenant / Unit	Rent	Method	Beds	Annual
4-Bedroom/ 2-Bathroom	\$575.00	\$/Bed/Month	92	\$634,800
Total Rental Income:			92	\$634,800

Vacancy/Collection Loss

When estimating a stabilized vacancy loss for the subject, the general occupancy levels of similar properties in the market are reviewed. The reported vacancy rates of the rent comparables provide a good indication of an appropriate physical vacancy rate.

Vacancy of Rent Comparables

Property	Year Built	# Units	Vacancy Rate
422-426 Grant Street	1983	19	0%
Everest	1986	11	0%
105 Columbia	1985	8	0%
210 W Wood Street	1984	7	0%

As shown above, the competing properties indicate full physical occupancy, and as discussed previously in this report, the market is currently experiencing a shortage of supply, attributing to likely 100% physical occupancy for the subject as well. However, economic vacancy must be considered due to tenant turnover and collection loss. For this analysis, taking all of the above information into consideration, stabilized vacancy is estimated at 5.0% for the subject.

Other Income

Other income for multi-family properties typically comes from parking (when applicable), late fees, pet fees, common laundry (when applicable), and other sources. The comparables indicate an average of \$286 per bed while the most credible comparables indicate an average of \$255 per bed. An other income of \$250 per bed is reconciled and applied.

Effective Gross Income

The estimated EGI is \$626,060.

Operating Expenses

In the reconciliation of subject expenses, 13 comparables were analyzed which are retained in the appraiser's file and presented in more detail in an expense and capitalization rate market study provided to the client. The ranges and averages of these comparables are shown below.

	Per Bed		
	Min	Max	Average
INCOME			
Rental Income	\$4,654	\$6,136	\$5,495
Other Income	\$56	\$648	\$286
TOTAL INCOME	\$4,759	\$6,448	\$5,782
FIXED EXPENSES			
Property Taxes	\$610	\$1,249	\$941
Property Insurance	\$82	\$361	\$184
SUBTOTAL - FIXED	\$696	\$1,440	\$1,126
VARIABLE EXPENSES			
Advertising	\$0	\$70	\$32
Administrative/Miscellaneous	\$0	\$723	\$172
Maintenance & Repairs	\$138	\$1,144	\$530
Utilities	\$126	\$440	\$305
Payroll	\$0	\$0	\$0
Management Fee	2.3%	12.5%	7.4%
SUBTOTAL- VARIABLE	\$945	\$2,160	\$1,467
TOTAL FIXED & VARIABLE	\$1,975	\$3,398	\$2,593
<i>Expenses as a % of EGI</i>	33.3%	59.0%	44.9%
NET OPERATING INCOME	\$2,359	\$4,206	\$3,189

Historical income and expenses on the subject were also available to the appraiser, which are used as a cross check to the comparable data and retained in the appraiser's file due to confidentiality.

It should be noted that various factors contribute to the credibility of the comparables which results in some being weighted more than others in the reconciliation of market norms. For example, those comparables that are recent and of similar age are weighted more than non-local, dated, and purely multi-family comparables. The expenses are applied as described below.

Item	Per Bed	Comment
Real Estate Taxes	N/A	Given the intended use, the tax expense is omitted. The capitalization rate will be loaded with the effective tax rate to reflect this omission.
Insurance	\$200	The comparables indicate an average of \$184 per bed while the most credible comparables indicate an average of \$193 per bed, so an expense near these is reconciled.
Advertising & Marketing	\$50	It is noted that some comparables did not allocate an advertising expense, and for two comparables was combined with the administrative expense. For the comparables that indicated an expense, the average is approximately \$50 per bed, which is reasonable and reconciled.
Administrative & Misc.	\$150	It is noted that some comparables did not allocate an administrative expense, and for two comparables was combined with the advertising expense. For the comparables that indicated a credible expense, the average is approximately \$150 per bed, which is reasonable and reconciled.
Repairs & Maintenance	\$500	The comparables indicate an average of \$530 per bed while the most credible comparables indicate an average of \$460 per bed, so an expense near these is reconciled.
Utilities	\$320	The comparables indicate an average of \$305 per bed while the most credible comparables indicate an average of \$314 per bed, so an expense near these is reconciled.
Payroll	\$0	Typically, payroll expenses are not applicable for properties of this scope, as noted by the comparables. Therefore, no payroll expense is applied.
Management Fee	7.0% of EGI	The comparables indicate an average of 7.4% EGI while the most credible comparables indicate an average of 6.9% EGI, so an expense near these is reconciled.
Replacement Reserves	\$300	Projection based on PwC Real Estate Investor Survey which indicates a range of \$100 to \$300 per bed for student housing properties. Given the subject's age, an expense at the high end of the range is considered reasonable and reconciled.

Net Operating Income (NOI)

The estimated stabilized NOI is \$442,396.

Don R. Scheidt & Company, Inc.

Indiana Office Locations: Indianapolis • Columbus • Lafayette

Capitalization

The Reconstructed Operating Statement for the subject represents the projected income and expenses, as previously discussed, for one operating year. The income, less the projected expenses, results in the Net Operating Income (NOI) to the subject property. The NOI is converted into a value indication using the Direct Capitalization method. There are several alternatives available to the buyer or investor in estimating an appropriate rate for capitalization.

Market Extraction: When there is adequate sales data available, the most accurate method of selecting capitalization rates is from the marketplace. The following table summarizes overall rates extracted from a sample of sales of student apartment properties throughout Indiana.

Name	Address	Location	Campus	# Units	# Beds	Year Built	Sale Date	OAR
Railway Manor	913 N College Avenue	Bloomington, IN	Indiana University	32	46	1995	Sep-22	4.91%
Howler & Bowler Apartments	215 & 207 W Fowler Avenue	West Lafayette, IN	Purdue University	11	30	1985 & 1920	Jun-22	4.82%
Campus Edge Townhomes	2611 N Walnut Street	Bloomington, IN	Indiana University	14	42	1997	Mar-22	5.46%
217 Sheetz	217 Sheetz Street	West Lafayette, IN	Purdue University	21	45	1991	Feb-22	5.44%
Woods Edge	4700 W Woods Edge Lane	Muncie, IN	Ball State University	112	240	1996	Nov-21	5.92%
Park Place	440 S Chauncey Avenue	West Lafayette, IN	Purdue University	23	51	2010	Jun-21	5.34%
414-422 Vine Street	414-422 Vine Street	West Lafayette, IN	Purdue University	16	46	1965/1989	Jun-21	5.50%
Southfork Apartments	314 S Chauncey Avenue	West Lafayette, IN	Purdue University	23	92	1987	May-21	5.00%
Waterford Place	400 S Grant Street	West Lafayette, IN	Purdue University	22	43	1987	May-21	5.22%
Woodcrest Apartments	102 W Wood Street	West Lafayette, IN	Purdue University	16	36	1989	Feb-21	5.60%
Stratford II	305 N Salisbury Street	West Lafayette, IN	Purdue University	16	63	1987	Dec-20	5.60%
							Min.	4.82%
							Max.	5.92%
							Avg.	5.35%

Overall, this data supports a rate in the range of 4.82% to 5.92% with an average of 5.35%.

Investor Surveys: Each quarter, RERC, PwC, and Realty Rates publish real estate investment surveys. These surveys summarize the expected rates of return, property selection criteria, and investment outlook of a representative sample of real estate investors and other professionals. The surveys provide timely insight into the yields, return criteria, and risk adjustments that investors rely on in their decision-making. The survey data are used by investors, developers, appraisers, and financial institutions to monitor changing market conditions and to forecast financial performance. As a barometer of anticipated performance, the survey findings are a forward look at market perception and confidence among the nation's top real estate professionals. The following table presents average rates from the most recent surveys. In addition, prior rates from one year ago are also shown to analyze trends.

Source	Most Recent			One Year Ago		
	Period	Range	Average	Period	Range	Average
PwC - National Student Housing Market	4Q2022	4.00% - 7.50%	5.33%	4Q2021	4.00% - 7.50%	5.23%
RERC - Midwest Student Housing - 2nd Tier	4Q2022	6.50% - 9.80%	7.70%	4Q2021	6.80% - 7.70%	7.20%
PwC - National Apartment Market	4Q2022	3.25% - 8.00%	4.89%	4Q2021	3.00% - 7.00%	4.42%
RERC - Midwest Apartment - 2nd Tier	4Q2022	5.80% - 8.50%	6.90%	4Q2021	5.00% - 8.50%	6.70%

Average rates from the surveys range from 4.89% to 7.70% for the most recent quarter. It is noted that average rates from the surveys have increased over the past year, with increases of 10 to 50 basis points.

OAR Conclusion: The indicators from the three methods are as follows:

Market Extraction:	4.82% - 5.92%
Investor Surveys:	4.89% - 7.70%

Based upon the data available and the risks and location of the subject property, an overall rate range of 5.25% to 5.50% is considered reasonable for the subject. As discussed however, given the intended use, the cap rate will be loaded with the effective tax rate to reflect the omission of a tax expense. The calculation of the loaded capitalization rate is shown below.

Don R. Scheidt & Company, Inc.

Indiana Office Locations: Indianapolis • Columbus • Lafayette

Rate Type	Rate Range	
Reconciled OAR	5.25%	5.50%
Effective Tax Rate	2.37%	2.37%
Loaded OAR	7.62%	7.87%

Therefore, a loaded capitalization rate range of 7.62% to 7.87% will be used. The subject's reconstructed operating statement is shown next.

Reconstructed Operating Statement

Tenant / Unit	Rent	Method	Beds	Annual	\$/Bed/Year	% of PGI
4-Bedroom/ 2-Bathroom	\$575.00	\$/Bed/Month	92	\$634,800	\$6,900	100.0%
Total Rental Income:			92	\$634,800	\$6,900	100.0%
Reimbursement Income:				\$0	\$0	0.0%
Other Income:				\$0	\$0.00	0.0%
Potential Gross Income (PGI):				\$634,800	\$6,900	100.0%
Vacancy & Collection Loss:				-\$31,740	-\$345	5.0%
Other Income:				\$23,000	\$250.00	
Effective Gross Income (EGI):				\$626,060	\$6,805	98.6%

Expense	Amount	Method	Annual	\$/Bed	% of EGI
Tax Expense	Not applied	\$/Year	Not applied	\$0.00	0.0%
Insurance	\$200.00	\$/Bed	\$18,400	\$200	2.9%
Management	7.0%	% of EGI	\$43,824	\$476	7.0%
Advertising and Marketing	\$50.00	\$/Bed	\$4,600	\$50	0.7%
Total Utilities	\$320.00	\$/Bed	\$29,440	\$320	4.7%
Repairs and Maintenance	\$500.00	\$/Bed	\$46,000	\$500	7.3%
General and Administrative	\$150.00	\$/Bed	\$13,800	\$150	2.2%
Reserves	\$300.00	\$/Bed	\$27,600	\$300	4.4%
Total Expenses:			\$183,664	\$1,996	29.3%
Net Operating Income (NOI):			\$442,396	\$4,809	
Capitalization Rate:		7.62%	7.87%		
Value:		\$5,805,719	\$5,621,294		
Rounded:			\$5,710,000	\$62,065	

Income Capitalization Approach Conclusion

Based upon this analysis, our opinion of value for the subject property via the Income Capitalization Approach is as follows:

Value Premise	Date of Value	Conclusion
Retrospective fee simple market value in use	January 1, 2023	\$5,710,000

Don R. Scheidt & Company, Inc.

Indiana Office Locations: Indianapolis • Columbus • Lafayette

SALES COMPARISON APPROACH

The Sales Comparison Approach is “the process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant when an adequate supply of comparable sales is available.” (The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, 2022, Page 170).

The Sales Comparison Approach is based upon the assumption that an informed buyer would pay no more for a property than he or she would have to pay in order to purchase an equally desirable substitute property having the same or similar utility. This approach to value involves the comparison of similar properties that have recently sold, or that are currently offered for sale, with the subject property. These properties are compared to the subject with regard to differences or similarities in time, age, location, physical characteristics, and conditions influencing the sale. This value range, as indicated by the comparable properties, is then correlated into a final indicated value for the subject property by this approach.

Based on the appraisers’ research, the following sales are considered the best available for the valuation of the subject. Please refer to the detailed information regarding the comparable sales on the following pages.

Improved Comparable 1



Transaction			
Name	Howler & Bowler Apartments	Date	6/14/2022
Address	207 & 215 W Fowler Avenue	Price	\$1,850,000
City	West Lafayette	Price per SF / No. of Beds	\$61,667
State	IN	Property Rights	Leased Fee
Tax ID	79-07-19-279-006.000-026, 79-07-19-279-007.000-026	Financing	Conventional
Grantor	Core-Up Master JV LLC-West Lafayette II	Conditions of Sale	Arm's Length
Grantee	SV621-Fowler LLC Fowler TIC LLC Fowler	Verification	Property contacts, public records
Days on Market	NA		

Site			
Acres	0.320	Topography	Level
Land SF	13,939	Zoning	Single, Two, and Multi-Family
Shape	Rectangular	Land to Building Ratio	1.2
Utilities	All available		

Improvements & Financial Data	
No. of Beds	30
GBA	11,308
Year Built	1920 & 1985
Construction	Wood frame
Quality	Average
NOI	\$89,214
Cap Rate	4.8%

Comments
This is the sale of two adjacent multi-family buildings within walking distance to the Purdue University campus. Bowler Apartments (207 W Fowler Avenue) was constructed in 1920 and features 6 units and 10 bedrooms, while Howler Apartments (215 W Fowler Avenue) was constructed in 1985 and features 5 units and 20 bedrooms, for a total of 11 units and 30 bedrooms. The total 2021 NOI for both buildings was \$89,214 for an overall capitalization rate of 4.82%. It is noted that the 2021 expense ratio for the Bowler Apartments appeared higher than average with some expenses that were significantly above average for the market, possibly contributing to a lower capitalization rate.

Don R. Scheidt & Company, Inc.

Indiana Office Locations: Indianapolis • Columbus • Lafayette

Improved Comparable 2



Transaction

Name	Sheetz Street Apartments	Date	2/1/2022
Address	217 Sheetz Street	Price	\$2,872,500
City	West Lafayette	Price per SF / No. of Beds	\$63,833
State	IN	Property Rights	Leased Fee
Tax ID	79-07-19-403-003.000-026	Financing	Conventional
Grantor	The Sheetz Street Partnership	Conditions of Sale	Arm's-Length
Grantee	Sheetz ST Apartments, LLC	Verification	Purchase agreement, public records
Days on Market	NA		

Site

Acres	0.549	Topography	Generally level
Land SF	23,914	Zoning	Single-, Two-, and Multi-Family
Shape	Rectangular	Land to Building Ratio	1.3
Utilities	All available		

Improvements & Financial Data

No. of Beds	45
GBA	18,324
Year Built	1991
Construction	Wood frame
Quality	Average
NOI	\$156,179
Cap Rate	5.4%

Comments

This is the sale of apartments located within walking distance to the Purdue University campus. The improvements consist of (18) 2 BR 1 BA units and (3) 3 BR 1 BA units. The property most recently had an NOI of \$156,179, indicating a capitalization rate of 5.44%. This property was purchased with intentions of future redevelopment, however this is speculative and the purchase price is considered to reflect the improvements.

Don R. Scheidt & Company, Inc.

Indiana Office Locations: Indianapolis • Columbus • Lafayette

Note: This is the previous sale of the subject.

Improved Comparable 3



Transaction

Name	Southfork Apartments	Date	10/13/2021
Address	314 S Chauncey Avenue	Price	\$4,050,000
City	West Lafayette	Price per SF / No. of Beds	\$44,022
State	IN	Property Rights	Leased Fee
Tax ID	79-07-19-478-010.000-026	Financing	Conventional
Grantor	Southfork Apartments LLC	Conditions of Sale	Arm's Length
Grantee	BC Cent EAT LLC	Verification	Property contact, broker, public
Days on Market	NA		

Site

Acres	0.530	Topography	Sloping
Land SF	23,087	Zoning	Single-family, two-family and multi-
Shape	L-shaped	Land to Building Ratio	0.9
Utilities	All available		

Improvements & Financial Data

No. of Beds	92
GBA	26,192
Year Built	1987
Construction	Wood frame
Quality	Average

Comments

This is the sale of Southfork Apartments within walking distance to the Purdue University campus. It features 23 units which are all 4-bedroom/2-bathroom units, for a total of 92 bedrooms. There is a common laundry room on each floor. According to the broker, the property was mismanaged at the time of sale and was 1/3 vacant. The capitalization rate based on the buyer's proforma was around 5.0%.

Don R. Scheidt & Company, Inc.

Indiana Office Locations: Indianapolis • Columbus • Lafayette

Improved Comparable 4



Transaction

Name	Waterford Place	Date	5/19/2021
Address	400 S Grant Street	Price	\$2,390,000
City	West Lafayette	Price per SF / No. of Beds	\$55,581
State	IN	Property Rights	Leased Fee
Tax ID	79-07-19-480-007.000-026	Financing	Conventional
Grantor	Midwest Student Property	Conditions of Sale	Arm's length
Grantee	Qiuju Zhang & Partners	Verification	Purchase agreement, public records
Days on Market	NA		

Site

Acres	0.451	Topography	Level
Land SF	19,650	Zoning	Multi-family
Shape	Roughly rectangular	Land to Building Ratio	1.1
Utilities	All available		

Improvements & Financial Data

No. of Beds	43
GBA	17,528
Year Built	1987
Construction	Wood frame
Quality	Average
NOI	\$124,692
Cap Rate	5.2%

Comments

This is the sale of an apartment building within walking distance to the Purdue University campus. It features a total of 22 units and 43 bedrooms. The unit mix consists of one studio unit and 21 two-bedroom units. The capitalization rate is based on previous year actual NOI.

Don R. Scheidt & Company, Inc.

Indiana Office Locations: Indianapolis • Columbus • Lafayette

Improved Comparable 5



Transaction

Name	414 & 422 Vine Street	Date	6/24/2021
Address	414 & 422 Vine St.	Price	\$3,584,383
City	West Lafayette	Price per SF / No. of Beds	\$77,921
State	IN	Property Rights	Leased Fee
Tax ID	79-07-19-232-034.000-026, 79-07-19-232-032.000-026	Financing	Cash
Grantor	Marcus R. Mulnzer	Conditions of Sale	Arm's Length
Grantee	Shane A. Campbell of Superior Concepts	Verification	Public records
Days on Market	NA		

Site

Acres	0.430	Topography	Level
Land SF	18,731	Zoning	Multi-family residential
Shape	Roughly Rectangular	Land to Building Ratio	1.0
Utilities	All available		

Improvements & Financial Data

No. of Beds	46
GBA	19,528
Year Built	1965, 1989
Construction	Brick and wood frame
Quality	Average

Comments

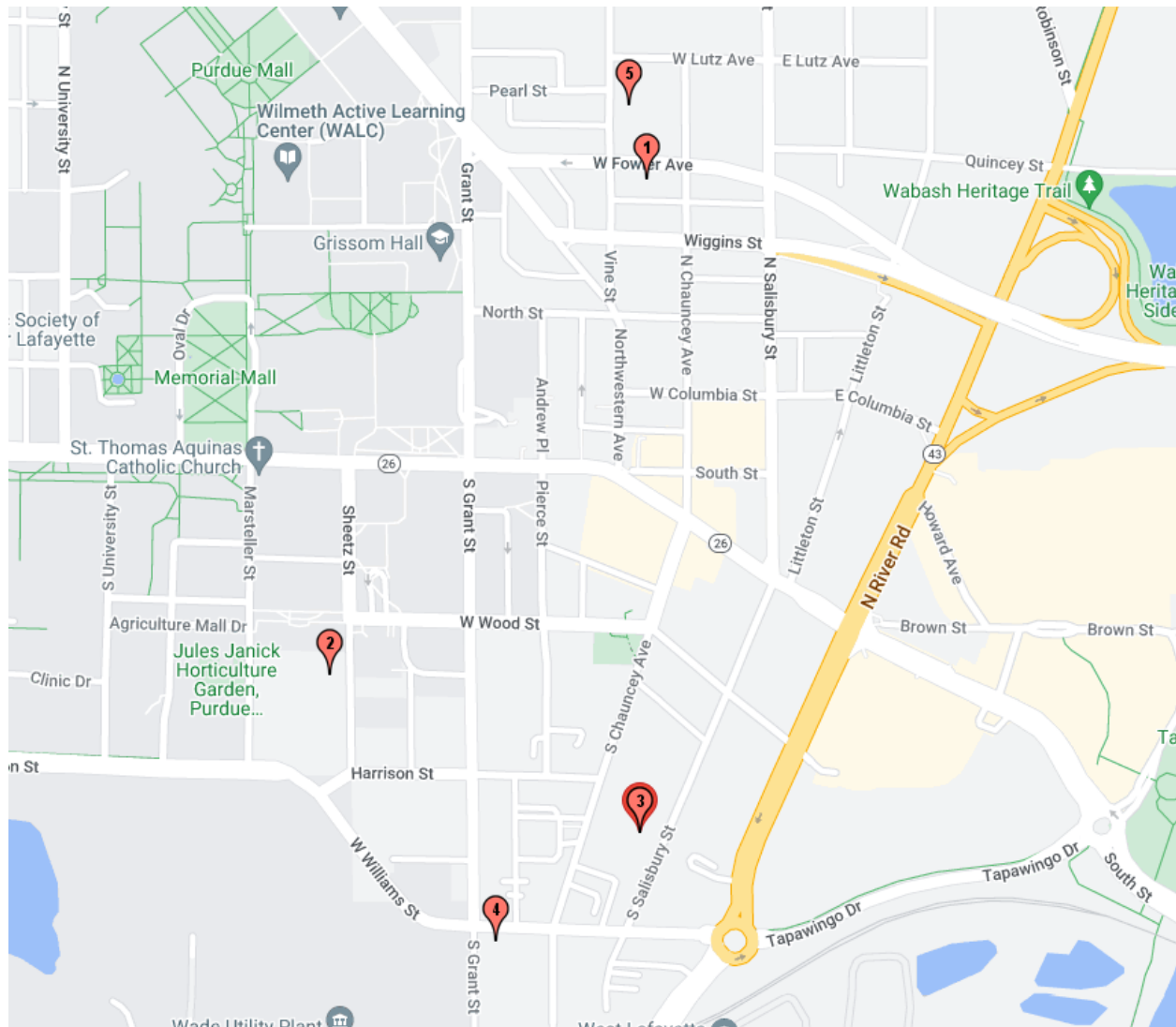
This is a sale of two multi-family apartments within walking distance to the Purdue University campus. 414 Vine Street was constructed in 1965 and features 4 units with 12 beds while 422 Vine Street was constructed in 1989 and features 12 units with 34 beds. The total unit mix is 16 units and 46 beds, or 2.875 bedrooms per unit. This property was purchased with intentions of future redevelopment, however this is speculative and the sale price is considered to reflect the improvements.

Don R. Scheidt & Company, Inc.

Indiana Office Locations: Indianapolis • Columbus • Lafayette

IMPROVED COMPARABLES MAP






Note: The subject marker is hidden by Comparable 3 as it is the previous sale of the subject.



Don R. Scheidt & Company, Inc.

Indiana Office Locations: Indianapolis • Columbus • Lafayette

IMPROVED COMPARABLES ADJUSTMENT GRID

Subject		Comparable 1		Comparable 2		Comparable 3		Comparable 4		Comparable 5	
											
Name	Southfork Apartments	Howler & Bowler Apartments		Sheetz Street Apartments		Southfork Apartments		Waterford Place		414 & 422 Vine Street	
City	West Lafayette	West Lafayette		West Lafayette		West Lafayette		West Lafayette		West Lafayette	
State	IN	IN		IN		IN		IN		IN	
Date	1/1/2023	6/14/2022		2/1/2022		10/13/2021		5/19/2021		6/24/2021	
Actual Price		\$1,850,000		\$2,872,500		\$4,050,000		\$2,390,000		\$3,584,383	
Price Adjustment		\$0		\$0		\$0		\$0		\$0	
Adjusted Price		\$1,850,000		\$2,872,500		\$4,050,000		\$2,390,000		\$3,584,383	
No. of Beds	92	30		45		92		43		46	
No. of Bed Unit Price		\$61,667		\$63,833		\$44,022		\$55,581		\$77,921	
Transaction Adjustments											
Property Rights	Fee Simple	Leased Fee	0.0%	Leased Fee	0.0%	Leased Fee	0.0%	Leased Fee	0.0%	Leased Fee	0.0%
Financing	Conventional	Conventional	0.0%	Conventional	0.0%	Conventional	0.0%	Conventional	0.0%	Cash	0.0%
Conditions of Sale	Arm's-length	Arm's Length	0.0%	Arm's-Length	0.0%	Arm's Length	0.0%	Arm's length	0.0%	Arm's Length	0.0%
Expenditures After Sale		\$0		\$0		\$0		\$0		\$0	
Adjusted No. of Bed Unit Price		\$61,667		\$63,833		\$44,022		\$55,581		\$77,921	
Market Trends Through	1/1/2023	5.0%	2.7%	4.6%	6.1%	8.2%	7.7%				
Adjusted No. of Bed Unit Price		\$63,346		\$66,748		\$46,720		\$60,158		\$83,933	
Location	Good	Sl. Superior		Similar		Similar		Sl. Inferior		Sl. Superior	
% Adjustment		-5%		0%		0%		5%		-5%	
No. of Beds	92	30		45		92		43		46	
% Adjustment		-5%		0%		0%		0%		0%	
Year Built	1987	1920 & 1985		1991		1987		1987		1965, 1989	
Condition	Average	Average		Average		Average		Average		Average	
% Adjustment		5%		0%		0%		0%		0%	
Quality	Average	Average		Average		Average		Average		Average	
% Adjustment		0%		0%		0%		0%		0%	
Bedrooms per Unit	4.0	2.7		2.1		4.0		2.0		2.9	
% Adjustment		-10%		-15%		0%		-15%		-10%	
Occupancy	Assumed near 100%	Assumed near 100%		Assumed near 100%		1/3 vacant		Assumed near 100%		Assumed near 100%	
% Adjustment		0%		0%		20%		0%		0%	
Adjusted No. of Bed Unit Price		\$53,844		\$56,736		\$56,064		\$54,143		\$71,343	
Net Adjustment		-15.0%		-15.0%		20.0%		-10.0%		-15.0%	
Gross Adjustment		25.0%		15.0%		20.0%		20.0%		15.0%	

Don R. Scheidt & Company, Inc.

Indiana Office Locations: Indianapolis • Columbus • Lafayette

Comparisons

The preceding comparables are analyzed and compared to the subject taking into consideration such factors as property rights conveyed, financing, conditions of sale, date of sale (market conditions), and various other factors, discussed as follows:

Property Rights: The fee simple interest in the subject is appraised. The comparables are leased fee sales. No adjustments are needed.

Financing Terms: To the best of our knowledge, the comparables sold for cash or cash equivalent financing, and no adjustments are needed.

Conditions of Sale: To the best of our knowledge, the comparables did not involve any unusual conditions of sale or non-market transactions, and no adjustments are needed.

Market Conditions: This adjustment is for changes in market conditions that may cause price changes over time. The changes in price reflect changes in market conditions, which are not due to time itself. The sales occurred between May 2021 and June 2022. Construction costs and real estate prices have increased significantly since 2019, and the subject's market area has experienced significant activity in recent years as well with a lack of supply noted. A paired sale of one student-oriented apartment building in the Purdue University market between April 2019 and November 2021 indicated an annual increase of approximately 8% while another between July 2018 to June 2022 indicated an annual increase of approximately 12%, although it is not known what other conditions contributed to these increases. Investor surveys indicate that capitalization rates from Q4 2020 to Q4 2022 have fluctuated, with the PwC survey indicating decreases of 3.09% to 6.32% while the RERC survey indicated either no change or a 3.08% *increase*. All surveys indicated *increases* in cap rates from Q4 2021 to Q4 2022 of 1.91% to 10.63%, indicating that market conditions have tapered off recently compared to 2022. It is noted that these surveys are national and regional and not local market specific. Reconciling all above information, a market conditions adjustment of 5.0% per year is made to all comparables.

Location: The subject has a relatively good location in walking distance to the Purdue University campus. Comparables 1 and 5 are more proximate to the heart of campus and are adjusted downward for superiority. Comparable 4 is located south of Williams Street less proximate to campus and is adjusted upward for inferiority. The other comparables are considered similar in this regard and no further adjustments are warranted.

No. of Beds: The subject building includes 92 beds and the comparables range in size from 30 to 92 beds. Typically, all things being equal, smaller properties tend to sell for higher per-bed prices than larger properties, due to economies of scale. Comparable 1 is smaller than the subject and is adjusted upward for inferiority. The other comparables are generally similar to the subject and warrant no adjustments.

Year Built/Condition: The subject was constructed in 1987 and is in average condition. The comparables are adjusted accordingly based on their construction years and conditions.

Quality: The subject possesses average quality and appeal. All comparables possess similar qualities and curbside appeals and warrant no adjustments.

Bedrooms per Unit: Complexes with higher bedroom per unit ratios are considered inferior when valued on a price per bedroom basis, since one-bedroom units are going to achieve higher rent per bedroom than four-bedroom units would achieve per bedroom. Therefore, complexes with lower bedroom per unit ratios

would generally be expected to sell for a higher price per bedroom than complexes with higher bedroom per unit ratios. The comparables are adjusted accordingly.

Occupancy: The subject is currently assumed to be 100% occupied based on the lack of supply within the market and no availability according to online listings. Comparable 3, the previous sale of the subject, was reportedly mismanaged and approximately 1/3 vacant at the time of sale, so this comparable is adjusted upward for inferiority.

Market Value Conclusion

The adjusted comparables range from \$53,844 to \$71,343 per bed, with an average of \$58,426 per bed and a median of \$56,064 per bed. Comparable 5 appears as a high outlier. This is thought to be due to the buyer viewing this property as redevelopment land, although this would be speculative. Comparables 1-4 are therefore given the most weight in this analysis, which indicate a range of \$52,480 to \$55,746 per bedroom. Based on this analysis, a value conclusion of \$55,000 to \$60,000 per bed is market supported and applied for the subject.

The results of the analysis and calculation of the subject value are summarized on the following table.

Comparable Ranges & Reconciled Value			
Number of Comps:	5	Unadjusted	Adjusted
Low:		\$44,022	\$53,844
High:		\$77,921	\$71,343
Average:		\$60,605	\$58,426
Median:		\$61,667	\$56,064
Reconciled Unit Value:		\$55,000	\$60,000
Subject Size:		92	
Indicated Value:		\$5,060,000	\$5,520,000
Reconciled Final Value:		\$5,290,000	

Based upon this analysis, our opinion of value for the subject property via the Sales Comparison Approach is as follows:

Value Premise	Date of Value	Conclusion
Retrospective fee simple market value in use	January 1, 2023	\$5,290,000

RECONCILIATION AND FINAL OPINION OF VALUE

In arriving at the opinion of market value, several factors were taken into consideration due to their direct affect upon the marketability of the subject property. These factors are discussed in the Region Analysis, Market Area Analysis, Neighborhood Analysis, Site Description, Zoning Regulations, and Highest and Best Use Analysis. The thorough analysis of these factors is a prerequisite to the valuation process. The value indicators as a result of the analyses are summarized in the following table.

	Retrospective
Effective Date of Value	January 1, 2023
Cost Approach	Not developed
Income Capitalization Approach	\$5,710,000
Sales Comparison Approach	\$5,290,000
Final Value Conclusion	\$5,290,000

In this appraisal, the Sales Comparison and Income Capitalization Approaches were developed in the valuation of the subject property.

In the development of the final value opinion, the Income Capitalization Approach is typically given strongest consideration. This is the approach most typically used by investors when weighing purchase decisions for income-producing properties. The Sales Comparison Approach would also be given weight based on the availability of strong comparable data. However, as discussed in Critical Valuation Issue #2, the value developed herein is the Market Value In Use. As per the client and intended user, the lowest of the value approaches is required for tax appeal purposes for multi-family properties 5 units or greater. Therefore, the final value conclusion herein is explicitly reconciled as the lowest value indicator. The value conclusion for the subject property is reconciled as shown above.

Comparison to Prior Purchase Price (USPAP Standards Rule 1-5)

As noted previously, the subject property previously transacted in October 2021 for \$4,050,000. The concluded market value in use is 30.6% higher than the previous sale price. This is explained primarily by two reasons. The subject at that time of sale was reportedly mismanaged with approximately 1/3 bedrooms vacant, so the buyer was likely able to negotiate significantly lower than market price. Additionally, rents in the market for some properties have skyrocketed within the last two years. For example, the highest rent at the subject in December 2020 was \$1,640 per unit or \$410 per bedroom, compared to current rents of \$2,300 per unit or \$575 per bedroom, a 40% increase. Rent Comparable 1 used herein also indicated a 50% increase in rents from \$400 per bed to \$600 per bed from the 2021-2022 school year to current listings for the 2024-2025 school year, and there is no evidence that this property was mismanaged or changed ownerships. Given the above, the discrepancy between the concluded retrospective market value in use and previous purchase price is supported as reasonable.

ASSUMPTIONS AND LIMITING CONDITIONS

The certification of the appraiser appearing in this appraisal assignment is subject to the following assumptions and to such other specific and limiting conditions as are set forth by the appraiser on the assignment.

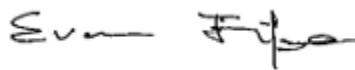
- No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
- Responsible ownership and competent property management are assumed.
- The prospective value(s) in this appraisal (if applicable) was developed under the market conditions existing at the time of the “As Is” date of value. The appraiser cannot be held responsible for unforeseeable events that alter market conditions prior to the prospective effective date of value.
- All engineering is assumed to be correct. The sketch, photos, site plans, and/or surveys used in this assignment are included to assist the reader in visualizing the subject property, and the Appraiser assumes no responsibility for their accuracy. The Appraiser has made no survey of the property.
- The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
- It is assumed that there are no hidden or unapparent conditions of the property, subsoil or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover such factors.
- It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in this appraisal assignment.
- It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in this appraisal assignment.
- It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value opinion contained in this assignment is based.
- It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in this assignment.
- The Appraiser, by reason of this appraisal assignment, is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question, unless arrangements have been previously made.
- The distribution, if any, of the total valuation in this assignment between land and improvements applies only under the stated program of utilization. The separate valuations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
- Possession of this assignment, or a copy thereof, does not carry with it the right of publication.
- Unless otherwise stated in this assignment, the existence of hazardous material, which may or may not be present on the property, was not knowingly observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value opinion is predicated on the assumption that there is no such material on or in the property (the entire subject site and all improvements located thereon) that would cause a loss in value. No responsibility is assumed for any such loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

- Neither all nor any part of the contents of this assignment (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval of the appraiser.
- Disclosure by the Appraiser of the contents of this Appraisal assignment is subject to review in the professional appraisal organizations with which the Appraiser is affiliated.
- Privacy Notice: If this valuation assignment is being done for a bank or other financial institution subject to Gramm-Leach-Bliley, the Privacy Policy of the bank or institution prevails. In other cases, the following Privacy Notice applies: This notice pertains to our privacy principles: We are committed to protecting our clients' personal financial information. In the course of providing our clients with valuation services, we may need to collect and maintain certain nonpublic personal information. Information about our privacy policies and practices, and describing what nonpublic personal information we collect, what we do with it, and how we protect it, is available upon your request. How you may obtain our privacy statement: You may obtain our privacy statement by contacting us at 317-631-8478 or by submitting a written request to our office. You may limit information shared about you: It is important to note that this valuation work has been prepared under the Uniform Standards of Professional Appraisal Practice (USPAP) and as such is subject to the Ethics Rule regarding confidentiality. Under this rule, "An appraiser must protect the confidential nature of the appraiser-client relationship". Therefore, the sharing of this confidential information provided to us is automatically limited under the Ethics Rule. However, if you prefer to have duplicate limits placed on such information, you may opt out of any potential disclosures to third parties as follows: contact us at 317-631-8478 to request an opt out form.
- Neither all nor any part of the contents of this assignment, or copy thereof (conclusion as to property value, the identity of the Appraiser, professional appraisal organizations, or the firm with which he/she is connected) shall be used for any purposes by anyone but the client or its assigns and Private Mortgage Insurers, consultants, professional appraisal organizations, any state or federally chartered bank, any department, agency or instrumentality of the United States or of any State or of the District of Columbia, without the previous written consent of the Appraiser, except under demand by the Mortgagor; nor shall it be conveyed by anyone to the public through advertising media, public relations media, new media, sales media, or any other public means of communication without the prior written consent and approval of the Appraiser. Furthermore, the appraiser or firm assumes no obligation, liability, or accountability to any third party.
- Any value opinions provided in the assignment apply to the entire property, and any proration or division of the total into fractional interests will invalidate the value opinion, unless such proration or division of interests has been set forth in the assignment.
- On all appraisals subject to satisfactory completion, repairs or alterations, the appraisal assignment and value conclusion are contingent upon completion of the improvements in a skillful manner.
- The Americans with Disabilities Act ("ADA") became effective January 26, 1992 (with revisions effective March 15, 2011). I (we) have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since I (we) have no direct evidence relating to this issue, I (we) did not consider possible noncompliance with the requirements of ADA in valuing the property.

CERTIFICATION


The appraisers certify and agree that:

- As of the date of this report, York Pollert has completed the continuing education program for Designated Members of the Appraisal Institute.
- All statements of facts and information included in this assignment are true and correct to the best of the Appraiser's knowledge and belief, and the Appraiser has not knowingly withheld any significant information.
- The analyses, opinions, and conclusions in the analysis are limited only by the assumptions and limiting conditions set forth, and are the personal, impartial, and unbiased professional analyses, opinions, and conclusions of the appraiser.
- The appraiser has no present or prospective interest in the subject property and has no personal interest with respect to the parties involved.
- The appraiser has no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- The appraisers or appraisers' firm previously appraised this property in December 2020. The appraiser is not aware of any other services, as an appraiser or in any other capacity, performed by the appraiser or the appraiser's firm on the subject property within the three-year period immediately preceding the agreement to perform this assignment.
- The engagement of this assignment was not contingent upon developing or reporting predetermined results.
- The appraiser's compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The appraisal assignment was not based on a requested minimum or maximum valuation, a specific valuation, or the approval of a loan.
- The appraiser's analyses, opinions, and conclusions have been developed, and this assignment has been prepared, in conformity with the requirements of the Uniform Standards of Professional Appraisal Practice.
- The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- Evan Fife has made a personal inspection of the property (exterior only) that is the subject of this appraisal. York Pollert has not inspected the subject.
- All conclusions and opinions concerning the real estate that are set forth in the appraisal assignment were prepared by the Appraiser whose signature appears on this appraisal assignment, unless indicated as "Review Appraiser". No change of any item of the appraisal report shall be made by anyone other than the Appraiser and the Appraiser shall have no responsibility for any such unauthorized change.
- No one provided significant professional assistance to the person(s) signing this certification.



2/3/2023

Evan Fife
Real Property Analyst
Don R. Scheidt & Co., Inc.
Indiana Certified General Appraiser
License #CG41600018 (exp. June 30, 2024)
Inspected the subject (exterior only)



2/3/2023

York Pollert, MAI
Principal, Director of Lafayette Operations
Don R. Scheidt & Co., Inc.
Indiana Certified General Appraiser
License #CG41001287 (exp. June 30, 2024)
Did not inspect the subject

Don R. Scheidt & Company, Inc.

Indiana Office Locations: Indianapolis • Columbus • Lafayette

QUALIFICATIONS

York L. Pollert

2 Executive Drive, Suite C
Lafayette, IN 47905
(765)447-1075 Ext. 201
Email: ypollert@donrscheidt.com

LICENSED:

Indiana Certified General Appraiser
License #CG41001287, Expires 6/30/2024

Michigan Certified General Appraiser
License #1201075516, Expires 7/31/2024

Illinois Certified General Appraiser
License #553.002744, Expires 9/30/2021

Real Estate Broker, State of Indiana
License # RB14035037, Expires 6/30/2023

PROFESSIONAL DESIGNATIONS:

MAI – Appraisal Institute, Member Number 484751

PROFESSIONAL AFFILIATIONS:

Member, Lafayette Regional Association of Realtors

Member, Metropolitan Indianapolis Board of Realtors

Member, Indiana Associations of Realtors

Member, National Association of Realtors

EDUCATION:

Bachelor of Arts in Business Administration, 2005, Ball State
University, Miller College of Business

APPRAISAL COURSE WORK / SEMINARS:

Basic Appraisal Principles
Appraisal Institute, June 2006
Basic Appraisal Procedures
Appraisal Institute, June 2006
Residential Market Analysis and Highest and Best Use
Appraisal Institute, June 2006
15 Hour National USPAP Course
Appraisal Institute, June 2006
Subdivision Valuation: A Comprehensive Guide to Valuing Improved
Subdivisions, Appraisal Institute, January 2007
General Appraiser Income Approach Part I
Appraisal Institute, October 2007
General Appraiser Income Approach Part II
Appraisal Institute, February 2008
General Appraiser Site Valuation and Cost Approach
Appraisal Institute, May 2008
General Appraiser Sales Comparison Approach
Appraisal Institute, November 2008
The Real Implications of the HVCC on Appraisers and Lenders
Appraisal Institute, January 2009

Don R. Scheidt & Company, Inc.

Indiana Office Locations: Indianapolis • Columbus • Lafayette

Introducing Valuation for Financial Reporting
Appraisal Institute, April 2009
General Appraiser Market Analysis and Highest and Best Use
Appraisal Institute, May 2009
General Appraiser Report Writing and Case Studies
Appraisal Institute, June 2009
Business Practices and Ethics
Appraisal Institute, September 2009
Real Estate Finance Statistics and Valuation Modeling
Appraisal Institute, March 2010
Apartment Appraisal, Concepts and Applications
Appraisal Institute, April 2010
Advanced Income Capitalization
Appraisal Institute, February 2012
Analyzing Distressed Real Estate
Appraisal Institute, April 2012
Advanced Concepts and Case Studies
Appraisal Institute, July 2012
Indiana Appraiser Trainee Supervisor Course
Education Resource, LLC, June 2013
Leasehold Valuations for the Appraisal Professional
Appraisal Institute, November 2013
Small Hotel / Motel Valuation – Online
Appraisal Institute, February 2016
Comparative Analysis – Online
Appraisal Institute, July 2017
Analyzing Operating Expenses – Online
Appraisal Institute, July 2017
Appraising Convenience Stores – Online
Appraisal Institute, June 2019
Appraisal of Medical Office Buildings – Online
Appraisal Institute, June 2019
The Appraiser as an Expert Witness – Prep and Testimony
Appraisal Institute, August 2019
Appraising Automobile Dealerships – Online
Appraisal Institute, July 2021
Rates and Ratios: Making Sense of GIMs, OAR, and DCF – Online
Appraisal Institute, December 2021

REAL ESTATE EXPERIENCE:

A Principal and Director of Lafayette Operations of Don R. Scheidt & Co., Inc., joined the company in 2006. Responsibilities include supervising the Lafayette office commercial appraisal workload, managing the office, negotiating appraisal fees and contracts, scheduling staff workload, training new employees and marketing of the company's services. Experience includes consultation and valuation of various property types including industrial properties, multi-family residential properties, office properties, retail shopping centers, existing and proposed hotels, net-lease properties, single family and mixed-use subdivisions, land and mixed-use properties.

QUALIFICATIONS

Evan Fife

2 Executive Drive, Suite C
Lafayette, IN 47905
(765) 447-1075 Ext. 204
efife@donrscheidt.com

LICENSED

Indiana Certified General Appraiser
License #CG41600018, expires 6/30/2024

EDUCATION

Purdue University, Krannert School of Management
Bachelor of Science in Management

APPRAISAL COURSES

Through Appraisal Institute,

- Basic Appraisal Principles
- Basic Appraisal Procedures
- 15-Hour National USPAP Course
- Real Estate Finance, Statistics, and Valuation Modeling
- General Appraiser Site Valuation and Cost Approach
- General Appraiser Sales Comparison Approach
- General Appraiser Income Approach Pt. 1
- General Appraiser Income Approach Pt. II
- General Appraiser Market Analysis and Highest & Best Use
- General Appraiser Report Writing and Case Studies

Through McKissock,

- Residential Sales Comparison and Income Approaches
- Appraisal of Land Subject to Ground Leases
- Appraisal of Fast Food Facilities
- Appraisal of Owner-Occupied Commercial Properties
- Complex Properties: The Odd Side of Appraisal
- Introduction to Commercial Appraisal Review
- The Basics of Expert Witness for Commercial Appraisers
- Appraisal of Self-Storage Facilities
- Appraisal of Industrial and Flex Buildings
- Residential Construction and the Appraiser

PROFESSIONAL EXPERIENCE

Don R. Scheidt & Co., Inc., Lafayette, Indiana
Commercial Real Estate Appraiser, June 2013 - July 2018, January 2019 - present

Praedium Valuation Group, Chicago, Illinois
Commercial Real Estate Appraiser, July 2018 - December 2018

Don R. Scheidt & Company, Inc.

Indiana Office Locations: Indianapolis • Columbus • Lafayette

LICENSES



Indiana Professional Licensing Agency
Real Estate Appraiser Licensure Board
402 W. Washington Street, W072
Indianapolis, IN 46204

Certified General Appraiser

License Number	Expire Date
CG41001287	06/30/2022

York L. Pollert

Eric J. Holcomb
Governor
State of Indiana

Deborah J. Frye
Executive Director
Indiana Professional Licensing Agency



Indiana Professional Licensing Agency
Real Estate Appraiser Licensure Board
402 W. Washington Street, W072
Indianapolis, IN 46204

Certified General Appraiser

License Number	Expire Date
CG41600018	06/30/2024

Evan R. Fife

Eric J. Holcomb
Governor
State of Indiana

Deborah J. Frye
Executive Director
Indiana Professional Licensing Agency

Don R. Scheidt & Company, Inc.

Indiana Office Locations: Indianapolis • Columbus • Lafayette

ADDENDA

Engagement Letter

ENGAGEMENT LETTER



November 17, 2022

Eric Grossman, Assessor
Tippecanoe County Assessor's Office
20 N 3rd Street
Lafayette, IN 47901

RE: Student Housing Market Analysis and Appraisals: The requested "Prospective" Market Capitalization Rate and Expense Study as well as the Market Value In Use of the subject properties, four student housing properties identified below within West Lafayette, Tippecanoe County Indiana.

1. Hi-Vine – 302 Vine Street, West Lafayette, IN
2. State Street Towers – 133 E. State Street, West Lafayette, IN
3. Stradford Place – 305 N. Salisbury Street, West Lafayette, IN
4. 427 N Chauncey Avenue, West Lafayette, IN

Dear Mr. Grossman,

Thank you for requesting our services with regard to the market studies and valuation of the above referenced properties. We understand the appraisal assignment is to provide a market study focused on a cap rate study and expense study for the four tiers of student housing properties as defined within previous email correspondence, as well as our opinion of the "Prospective" Market Value In Use of the subject properties as of the effective dates of value of January 1, 2023.

The assignment will consist of five reports. The capitalization rate and expense study will be within one report, and the four properties will be valued within four separate appraisal reports. The intended use of the appraisal is for research purposes in conjunction with maintaining accurate assessment models. This assignment is to be completed in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation and the Standards of Professional Practice of the Appraisal Institute. The appraisals may not be used or relied upon by anyone other than the intended user(s).

The estimated delivery date of all of these reports will be on or before December 30, 2022. This assumes that we receive the executed engagement letter by Friday November 18, 2022.

The scope of the capitalization rate and expense study will include the following: 1). defining the four tiers of student housing; 2). research of capitalization rate comparables and expense comparables via in house documentation, conversation with market participants, and other appropriate documentation and; 3). the organization of this information along the defined tiers of student housing and the reconciliation of appropriate market norms.

Don R. Scheidt & Co., Inc.
6201 Corporate Drive, Suite 150, Indianapolis, Indiana 46278-2902 / (317) 631-8478 / Fax (317) 687-8286
2 Executive Drive, Suite C, Lafayette, Indiana 47905-4878 / (765) 447-1075 / Fax (765) 447-3408
2204 Illinois Avenue, Columbus, Indiana 47201-7012 / (812) 372-8478 / Fax (812) 372-4048
Internet Home Page: www.donrscheidt.com

Don R. Scheidt & Company, Inc.

Indiana Office Locations: Indianapolis • Columbus • Lafayette

The scope of the valuation assignments will include the following: 1). collection of factual data on the subject properties and available comparables; 2). analysis of the highest and best use of the subject properties and research appropriate to the intended use; 3). application of the appropriate approach(es) to value for the appropriate analyses and; 4). the completion of four appraisal reports using the information from the previous steps. The assignment will be subject to the Assumptions and Limiting Conditions that will be included in each appraisal report.

To provide the reports as indicated above, the total fee will be [] including all expenses such as travel, long distance phone calls, facsimiles, express mail, etc. The balance of the fee will be due upon completion of the assignment. Any delay in the payment of the fee beyond 30-days will carry an eighteen percent (18%) charge on the unpaid balance plus any legal and/or all other costs incurred in the collection of said fees. The aforementioned fee will include an electronic copy of each report. Any additional copies of the report are available for an additional fee. The appraisal assignment will be subject to the Assumptions and Limiting Conditions, which will be included in the appraisal report.

This fee is subject to change if the scope of the assignment is modified. This fee also does not include any additional time that may be required of York Pollert, MAI; or any associate, for conference calls, follow up office meetings, hearings, court testimony, or any modifications to the report due to any changes in the property (physical, financial or otherwise) after the report has been completed. If you or anyone else requests such time, an additional fee will be incurred at the current hourly rate as of the date of the request. The current hourly rate as of the date of this letter is \$300.00 for York Pollert, MAI or any other MAI designated appraiser; and \$190.00 - \$230.00 for any associates not designated by the Appraisal Institute.

If we have properly outlined the assignment and you agree to the terms and conditions stated above, please sign where indicated below, date your signature, and return one copy to me. Please keep your signed copy for your files. Please direct any questions regarding this assignment to York Pollert or Evan Fife at (765) 447-1075 ext. 201 and (219) 798-3524 respectively.

Respectfully Submitted,



York Pollert, MAI
Principal, Director of Lafayette Operations
Don R. Scheidt & Co., Inc.
(765) 447-1075 phone
ypollert@donrscheidt.com

Eric Grossman - Tippecanoe County Assessor

Client (name printed)

11/21/2022

Date



Client Signature

Don R. Scheidt & Company, Inc.

Indiana Office Locations: Indianapolis • Columbus • Lafayette

Don R. Scheidt & Company, Inc.

Indiana Office Locations: Indianapolis • Columbus • Lafayette